















# INTERNATIONAL LABOUR REVIEW

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# INTERNATIONAL LABOUR REVIEW

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Social participation in Mali

Anisse SALAH-BEY

The World Conference on Church and Society

Archibald A. EVANS

Statutory minimum wage fixing in Tanganyika

D. CHESWORTH

Economic development and employment in the Soviet Union

M. SONIN and E. ZHILTSOV

Local labour inspection in Norway

Berger ULSAKER

Current information

Bibliography

INTERNATIONAL LABOUR OFFICE • GENEVA

# The I.L.O.

The International Labour Organisation was founded by governments for the purpose of international collaboration in securing the permanent peace of the world and eliminating social injustice through the improvement of conditions of labour. A special feature of its structure is that representatives of management and of labour organisations participate with government representatives in its proceedings. Established in 1919 it became in 1946 the first specialised agency associated with the United Nations. It has more than 100 member countries.

Over the years the I.L.O. has built up a large body of international agreements ("Conventions") and recommendations relating to basic rights of labour, employment and training, conditions of work, social security and protection at work. These are the result of detailed discussion at the annual International Labour Conference, comprising four delegates (two representing the government, one representing management and one representing labour) from each member country, speaking and voting individually. The Conventions and Recommendations are not automatically binding, but governments must submit them to their national legislatures; a Convention becomes binding upon ratification. Reports from the different governments on their implementation are examined annually by the Conference and there is also machinery for examination of complaints, including alleged violations of freedom of association.

Another major sector of the I.L.O.'s work consists in the provision of expert advice and technical assistance in matters connected with labour and social policy. Assistance is provided under the United Nations programmes of technical co-operation as well as under the I.L.O.'s regular budget. Much of this operational work lies in the fields of manpower training and utilisation, improvement of work methods and organisation, labour administration and the development of effective systems of industrial relations and social security.

These activities are organised by the International Labour Office, an international staff in Geneva with a field network in most parts of the world. The Office is also the permanent secretariat of the Organisation, and a clearing-house for international information and research. It is headed by a Director-General appointed by a Governing Body of 24 government representatives, 12 representatives of management and 12 representatives of labour, which meets three times a year.

In addition to the activities mentioned, matters of concern to particular regions and industries are discussed periodically by special conferences and committees, and many specialised technical meetings are organised. An International Institute for Labour Studies, set up by the Organisation at Geneva, provides persons occupying positions of responsibility in the different countries with opportunities for advanced study of labour policy questions.

All these activities are closely co-ordinated with a view to fulfilment of the purpose for which the International Labour Organisation was created—the promotion of social justice and peace.

# INTERNATIONAL LABOUR REVIEW

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Volume 96

July 1967

Number 1

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## CONTENTS

Page

- 1 **Social participation in Mali** *Anisse SALAH-BEY*  
The author reviews the ways in which—in Mali's particular political, economic and social setting—non-governmental institutions participate in the national effort to industrialise. He describes experience in participation by trade unions and employers' organisations at the national level and at the level of the undertaking. His study shows that the trade union federation fulfils many important functions in this respect in the urban industrial environment; that a balanced system of labour relations has created a peaceful social climate and constitutes a genuine form of social participation; and, finally, that workers' participation in the running of state undertakings represents a novel experiment in Africa south of the Sahara.
- 24 **The World Conference on Church and Society** *Archibald A. EVANS*  
The general theme of the World Conference on Church and Society, held in Geneva from 12 to 16 July 1966 under the auspices of the World Council of Churches, was that of Christians in the technical and social revolutions of our time. Special sections and groups within the Conference each concentrated on a particular aspect of the theme. In its discussions and conclusions the Conference touched upon a number of subjects of direct interest to the I.L.O., including the elimination of the social causes of suffering, human rights, participation by the people in the decision-making processes, the social aspects of technological change, technical co-operation, and the role of international organisations.
- 43 **Statutory minimum wage fixing in Tanganyika** *D. CHESWORTH*  
In 1963, under the Wage Regulation Order of 1962, a system of statutory minimum wage fixing was introduced throughout Tanganyika. The author examines its effects on workers' earnings, employment, the total wage bill, output and productivity. He concludes that there was an increase in both the nominal and the real wages of a considerable proportion of the workers. Although there was an over-all increase in the wage bill, the numbers employed fell, particularly in agriculture and construction; proportionately the greatest reductions were among female workers and young persons. Very few of the reductions, however, were brought about by dismissals and the author suggests that most of the workers involved will have re-entered the cash crop and subsistence economies. In so far as the introduction of statutory minimum wages was intended by the Government as a contribution towards the creation of a smaller, more stable labour force earning a family wage, there are grounds for supposing that the intention was realised.
- 67 **Economic development and employment in the Soviet Union** *M. SONIN and E. ZHILTSOV*  
The authors examine the broad trends of government policy in the Soviet Union regarding employment, devoting particular attention to the effects of scientific and



technical progress. Reviewing structural change they show how this is affecting the distribution of manpower not only between the main sectors of economic activity (with numbers declining in agriculture and increasing in industry and especially in the services) but also as between the different branches of industry. In spite of the displacement of workers resulting from technical innovation, manpower shortages have arisen in certain branches of activity and in developing regions, particularly the Far North and Eastern Siberia. Various government measures designed to overcome these shortages (retraining programmes and incentives for geographical and occupational mobility) and to promote the rational utilisation of manpower (the new system of planning and material incentives) are discussed.

## 92 Local labour inspection in Norway

Berger ULSAKER

When labour inspection was set up in 1892 in Norway a dual system based on the existing structure of local government was provided for. The author traces the subsequent development of the system, which comprises both a state inspectorate and commune inspectorates. A Royal Commission which reported in 1966 took cognisance of certain weaknesses which had become apparent, and proposed measures to make the system more efficient, such as the appointment of more permanent staff and greater co-ordination among the various bodies concerned with inspection. However, it recommended the maintenance of the local labour inspection system, considering it of great importance that in each commune there should be people under an obligation to take part in labour inspection work.

## CURRENT INFORMATION

- 100 New social security legislation in Venezuela
- 104 Labour-management relations in the public services and state undertakings in India
- 107 General reduction in weekly hours of work in industry in Hungary
- 108 Second Inter-American Economic and Social Conference of the O.R.I.T.
- 110 Ninth national congress of the Christian Workers' Confederation of Chile

## BIBLIOGRAPHY

### 114 I.L.O. Publications

### 116 Book Notes

DUMONT and ROSIER: Nous allons à la famine — GROUPE D'ARRAS: Le partage des bénéfices. Expansion et inégalités en France — KIRDAR: The structure of United Nations economic aid to underdeveloped countries — MANPOWER RESOURCES COMMITTEE, COUNCIL FOR INTERNATIONAL ECONOMIC CO-OPERATION AND DEVELOPMENT, Republic of China: Study reports of eight working groups on the development of manpower resources — MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION, India: Report of the Committee on Co-operation — ONYEMELUKWE: Problems of industrial planning and management in Nigeria — PARANQUE: La semaine de trente heures — TUNSTALL: Old and alone. A sociological study of old people — VIENNEY: L'économie du secteur coopératif français.

### 124 Books Received

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# Social Participation in Mali

Anisse SALAH-BEY<sup>1</sup>

SOCIAL PARTICIPATION is defined, in relation to the present study, as an agreed effort by social groups representing economic, social or occupational interests to participate in the functioning of state institutions and to contribute to the efforts made by the governmental authorities to stimulate development, whether directly or indirectly.

This study goes beyond the subject of participation in planning.<sup>2</sup> Participation in planning in fact postulates structures, machinery and procedures that are still far from realisation in most African countries. Moreover, experiments in participation in sectors other than planning would seem worthy of at least an equal measure of attention. It will not, however, be possible, within the scope of the present article, to study all the forms of social participation in Mali. It has therefore been necessary to limit the following remarks to social participation in industrial and urban affairs and to leave aside experiments in participation in the sphere of rural development, however interesting they may be, especially the co-operative movement and rural leadership schemes.<sup>3</sup> Nor is co-operation in the towns taken into consideration. Co-operation may well be regarded as one of the most interesting forms of social participation in Mali, and it deserves separate study.

The cornerstone of social participation in Mali, and probably the most important institution in this regard, is incontestably the party—

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<sup>1</sup> The author was a member of the Research Section, Social Institutions Development Department of the International Labour Office, until the end of 1966. The present study was completed after a field mission carried out in Mali in July 1966.

<sup>2</sup> Several articles relating to workers' and employers' participation in economic and social planning in various countries have already been published in the *International Labour Review*: an introduction (Vol. 93, No. 4, Apr. 1966, p. 331), and a study of the matter in France, by J.-J. BONNAUD, (*ibid.*, p. 337); in Ireland, by C. MCCARTHY (Vol. 94, No. 1, July 1966, p. 54); in the Netherlands, by P. S. PELS (Vol. 94, No. 3, Sep. 1966, p. 274); in the countries of the Maghreb, by A. SALAH-BEY (Vol. 94, No. 4, Oct. 1966, p. 375); in Byelorussia, by A. P. OBOUKHOVITCH (Vol. 94, No. 5, Nov. 1966, p. 449); in Japan, by K. TAIRA (Vol. 94, No. 6, Dec. 1966, p. 511); in Latin America, by G. VON POTOLSKY (Vol. 95, No. 6, June 1967, p. 533).

<sup>3</sup> The special formulas used in the mobilisation of manpower in rural areas particularly and the youth programmes for development were the subject of an article, "Civic service and community works in Mali", in *International Labour Review*, Vol. 93, No. 1, Jan. 1966, pp. 50-65.

the Sudanese Union-African Democratic Rally (U.S.-R.D.A.).<sup>1</sup> It is the party that takes the important decisions in the country and, through its enthusiastic rank-and-file members, endeavours to clothe elementary economic activity with political significance. The result is that most aspects of participation in Mali derive from the political, social and economic role attributed to the party.

The purpose of the present article is to distinguish, in the political, economic and social setting of the country<sup>2</sup>, the forms of participation by non-governmental institutions in Mali's industrialisation effort and to evaluate its importance. In the first two sections experiments in participation by the trade unions and employers' organisations at the national level are described. Participation at the level of the undertaking is dealt with in the last section.

### **The workers' organisations**

The National Union of Workers of Mali (U.N.T.M.) is today the sole trade union federation in the country, the most powerful of the industrial organisations and of non-governmental institutions in general. The particular features of the U.N.T.M. are revealed in the history of the trade union movement in Mali, in the present structure of the organisation, its doctrines and the functions it assumes in the economic and social life of the country.

### **History of the trade union movement**

The first trade union was set up in 1920 in the form of a railway workers' mutual aid society. Next, teachers' mutual societies were formed. These organisations were affiliated to the French General Confederation of Labour (C.G.T.). At the time when the U.S.-R.D.A. was formed, the first trade union federation was set up. As in all the French territorial dependencies, the schism in the French trade union movement had repercussions in the Sudan, but the C.G.T. group remained the most important. The links of some of the trade union leaders in the Sudan with the C.G.T., and also with the trade union organisations of the countries of Eastern Europe, continued to be forged and strengthened up to 1956. At that time a tendency began for the Sudanese unions to draw away from the C.G.T. The nationalist movement was taking clearer shape, and rural

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<sup>1</sup> "Sudanese" because of the former name—until 1959—of the Republic of Mali.

<sup>2</sup> For the economic and social setting in Mali, see: *Livre d'or de la République du Mali* (Paris, Editions de l'Afrique nouvelle, 1965); République du Mali, Ministère d'Etat chargé du plan et de la coordination des affaires économiques et financières: *Bulletin annuel de conjoncture (situation du Mali au 31 décembre 1962)* (Apr. 1963); idem: *Annuaire statistique 1965 de la République du Mali* (Chambre de commerce, d'agriculture et d'industrie de Bamako, 1966); *La République du Mali* (Paris, La Documentation française, 15 Jan. 1961, No. 2,739).

workers' organisations were formed, stimulated by the leaders of the urban unions.

Between 1957 and 1960 the trade union movement in Mali felt the backlash of the events that shook West Africa: the formation of the General Confederation of Workers of Black Africa (U.G.T.A.N.) and the birth and dissolution of the Federation of Mali. Up to 1963, the date of the first congress of the U.N.T.M., trade unionism subsisted on the earlier corporative basis.

Two features worthy of notice emerge from this rapid review. In the first place, trade union unity has been preserved in Mali, in contrast with events in other African countries. This unity is due to various factors, one of which is the single-party doctrine of the U.S.-R.D.A. and another the preponderance of the former section of the C.G.T., which constituted the original nucleus of the U.N.T.M. Unity in trade unionism is in the last analysis the reflection of unity in the political field. The second feature that should be borne in mind concerns the close relations between trade unionism in Mali, on the one hand, and the French C.G.T. and the trade union organisations in the Eastern European countries, on the other. These relations, fostered by the conditions in which trade unionism has grown up within Mali itself, remain close: they affect the ideological orientation of the trade union movement and explain the sympathetic reception accorded to a particular conception of trade unionism.

### **Structure and organisation <sup>1</sup>**

The present structure of the U.N.T.M. was adopted at its first congress in July 1963. The congress is the highest instance of the U.N.T.M.; its meetings normally take place every three years. It is composed of delegates from the 12 national trade unions (vertical organisations) and the local federations (horizontal). In the intervals between congresses the federation's activities are, in principle, directed by the Central Council, composed of two representatives for each national union, one for each local federation, and 30 members resident in Bamako elected by the congress. The Central Council should, according to rule, meet once every three months, but it appears that this frequency is not very strictly adhered to. Between the sessions of the Central Council, the U.N.T.M. is managed by a National Bureau. The National Bureau is in

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<sup>1</sup> The Mali Labour Code, adopted on 19 August 1962 (I.L.O.: *Legislative Series*—Mali 1), recognises the right to form and carry on the functions of trade unions (Part VI). There is no restriction on joining or resigning from a trade union or on their administration. The practice of deducting trade union subscriptions at source is prohibited by article 306. Occupational unions have the benefit of legal personality. They may establish or subsidise trade institutions such as co-operatives, provident funds, etc. Mali has ratified the I.L.O.'s Freedom of Association and the Right to Organise Convention, 1948, and the Right to Organise and Collective Bargaining Convention, 1949.



fact the chief depositary of trade union power. It is composed of 17 members elected by the Central Council from among its own membership.

The national trade unions are organised on the same lines as the U.N.T.M. (congress, central council, bureau). At the area <sup>1</sup> level, the local federation, run by an administrative committee, is composed of representatives from local divisions. The basic organisational unit of the U.N.T.M. is the trade union branch in the individual undertaking. The creation of these branches was one of the most important decisions of the 1963 congress; article 3 of the statutes prescribes, in this connection, that "no one may be a member of a national trade union, or of the National Union of Workers of Mali, unless he has joined a trade union branch in an undertaking". The supreme body at the level of the undertaking is the general assembly, which meets, according to rule, once a month. In undertakings where there are fewer than ten workers the assembly elects a delegate, and where there are more, a committee of between three and 17 members.

Annual subscriptions vary between 600 and 1,800 Mali francs <sup>2</sup>, according to pay. The national trade unions pay 50 per cent. of their receipts to the U.N.T.M.

By its structure the U.N.T.M. is a highly stratified organisation, in which the national trade unions, grouping the workers on the basis of occupation, hold a predominant position. This facilitates the concentration of power in the National Bureau and the exercise of its control over the lower levels of the hierarchical structure. The field of recruitment for the U.N.T.M. is naturally conditioned by the composition of the wage-earning population, which is as follows: 6,400 workers in the "modern" private sector, about 10,000 civil servants, 5,000 workers employed on a daily basis in the administration, and about 14,400 workers in the state industrial sector. It is evident that the civil servants and the workers in the state sector, who by the nature of their employment may be regarded as comparable to them, constitute the majority of trade union members. The number of members is not precisely known, and trade union officials do not supply any information in this regard. The figure of 30,000 was put forward as an estimate <sup>3</sup> in 1962; but it can be stated that the degree of unionisation in the undertakings visited by the author is high.

Relations between the federation and the local trade unions are close and continuous, as are relations between the trade union leaders and the political leaders of the country. This is no doubt due to a very strict conception of hierarchic order, expressed in the statutes of the U.N.T.M. by the notion of "democratic centralism". The National Bureau of the

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<sup>1</sup> Administrative district coming immediately below the region.

<sup>2</sup> That is, between \$2.50 and \$7.50.

<sup>3</sup> See United States Department of Labor: *Directory of labor organizations: Africa* (Bureau of International Labor Affairs, May 1962), Ch. 21, pp. 21.1-21.3.

U.N.T.M. is incontestably the most powerful trade union organ although in theory controlled by the Central Council.<sup>1</sup>

The statutory governing bodies of the trade union organisation, the congress and the Central Council, do not meet at the regular intervals prescribed. The practice of conferences of trade union officials<sup>2</sup>, analogous to meetings of the same kind within the party, seems to have replaced the formal meetings, one of whose functions is the supervision of the activities of the National Bureau. It may be noted, for example, that it was a conference of officials, held in January 1963, that drew up the outline of the plan for reorganisation of the U.N.T.M. approved by the congress some months later.

### **Trade union doctrine**

The preamble to the statutes of the U.N.T.M. proclaims in a very specific manner the concept and role of trade unionism in Mali. It states that trade unions in Mali are "schools for democracy and socialism. They strive for the strengthening and consolidation of the independence of the Republic of Mali—and for the establishment of a socialist society." The concept of trade unionism resolutely following its chosen political and economic path is clearly expressed. The trade unions, like the other mass movements and the party itself, are preparing and educating the people with a single end in view, that indicated by the political organs of the country. It is, moreover, explicitly provided that "the National Union of Workers of Mali shall support the U.S.-R.D.A. in its policy of peace, social progress . . .". It will be seen later in what manner the links between the trade union organisation and the political party are forged.

After these propositions of a general nature on the orientation of trade union policy, there is a more specific affirmation of its role ("the National Union of Workers of Mali will strive constantly for the betterment of the workers"), which can be related to the following functions set out in article 1:

- representation of the workers and their interests before the administrative and economic bodies;
- struggle for better protection of the worker's health and for the improvement of his cultural level;
- improvement of the worker's living conditions.

Alongside these tasks, which may indeed be regarded as related to the defence of the workers' interests in the strictest sense, there is a

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<sup>1</sup> The fact that many members of the National Bureau of the U.N.T.M. occupy important positions at the head of state undertakings or administrative services, or have purely political responsibilities, reinforces its predominance.

<sup>2</sup> These conferences bring together trade union officials working at various levels in the organisation. See also below, p. 9.

longer series of tasks, listed together with those already cited and expressing the fundamental concept found in the preamble, namely that "the trade unions of Mali are aware that their interests and the general interests of Mali are the same". This assertion expresses the basic idea underlying those trade union functions which extend beyond the strict defence of the workers' interests and which constitute social participation:

participation by the workers in the management of the national undertakings and state institutions, in the preparation, execution and supervision of economic plans;

encouragement of a competitive spirit among the workers in order to increase productivity and improve the quality of the product;

participation in all decisions affecting the workers and supervision of the application of collective agreements and labour legislation;

raising the level of political and economic awareness among the workers;

development of the rational organisation of work.

How is the doctrine of the U.N.T.M. translated into fact, and how does participation in the principal political, economic and social policies of the country actually take place? The various functions assumed by the trade union organisation in this connection—participation in the development effort undertaken by the party and the Government—are many and extend to all three fields, political, economic and social. It must, however, be borne in mind that trade unionism in Mali is still an exclusively urban phenomenon. The U.N.T.M. has taken no steps to organise workers in the rural areas, who, indeed, can very rarely be counted as wage earners. The trade union organisation feels that it has no part to play in the rural areas since the decision was taken to entrust the development of these regions to organisations of a co-operative nature. The leaders take the view that the role of the U.N.T.M.—including as it does the workers whose political awareness and educational level is higher than can be found in the rural milieu—is limited to the organisation and representation of civil servants and employees in the industrial and commercial sectors.

### **The trade union movement and political organisation**

In the strictly political field trade union participation is expressed in U.N.T.M. support for the party and the Government and through the close relations established between it and the party—the U.S.-R.D.A.<sup>1</sup>

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<sup>1</sup> The doctrine of the U.S.-R.D.A.—the sole party—claims to be socialist. The party presides over the most important political, economic and social activities; it determines the Government's policy line and directs its daily working. This predominance of the party



U.N.T.M. support for the political authority is expressed in various ways. In its broadest sense it takes the form of a constant endorsement of decisions of a political nature taken by the party. No example can be found in Mali of a situation where party and trade unions were in conflict—at least publicly. This is a rare enough situation in Africa and deserves to be underlined.

The adherence of the trade union federation to the policy of the party is assured by continuous contacts between the two organisations. The trade union leaders insist that there is no organic bond between the two; nor is there any official trade union representation in the governing bodies of the party. There is, nevertheless, a tradition that one member of the National Bureau should be a member of the policy bureau of the U.S.-R.D.A. There is a mutual understanding between the party and the U.N.T.M. that problems concerning the workers are the responsibility of the trade union organisation. For example it was the trade union organisation which prepared a regulatory code for workers before any discussion of the matter by the administrative and political authorities took place. In cases where difficulties arise between the party and the trade union, the latter requests a joint meeting with the policy bureau of the party: at such a meeting there is an exchange of opinion and, according to trade union leaders with whom the author has spoken, recourse is had to the methods of criticism and self-criticism.

In order to assess the significance of trade union participation in Mali, it should be noted that on numerous occasions measures of a political, economic or social nature have been suggested to the political authorities to facilitate the work of the public bodies. For example a resolution adopted by the Central Council of the U.N.T.M. at its meeting on 15-16 March 1966 proposed measures to assist in the struggle against property speculation, corruption and commercial trafficking. The text adopted by the Central Council expressed its severe condemnation of trade union as well as political leaders who indulged in illegal activities. In this light, the trade union organisation appears much more like a partner of the party than a body with strictly limited functions and responsibilities.

### **Educational tasks**

The U.N.T.M.'s support for the party is further illustrated in its organisational and educational activity, to which the leaders attach the highest importance. The education and organisation of the workers are

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organs over the Government is important not only because it indicates the actual location of decision-making power but even more because it sheds light on the composition of the institutions with economic and social functions and implies the presence of the party in all the country's activities down to the most basic. See Seydou MADANI SY: *Recherches sur l'exercice du pouvoir politique en Afrique noire (Côte-d'Ivoire, Guinée, Mali)* (Paris, Pedone, 1965).

directed towards constant active support of the party and "raising of the ideological level", in other words, towards encouraging more and more active participation by the worker within the ranks of his organisation.

The educational task assumed by the U.N.T.M. obviously has some purely trade union aspects, but these are not always clearly distinguished from that of political education. The textbooks prepared by the education secretariat reveal a determination not to separate political from trade union education. This educational effort is considerable: according to trade union leaders, it represents some 60 per cent. of trade union activities. The movement has its trade union schools, at national level, for the national unions and for the local unions.<sup>1</sup> Four Malian instructors on trade union secondment and two foreign experts from European trade union organisations are responsible for the training given. During the year the trade union schools run a series of courses each lasting 45 days, with a break of two months. Thanks to the opportunities provided by the Labour Code in this respect, numerous officials of the U.N.T.M. have been able to follow training or retraining courses. A project for a workers' university is now being studied in order to meet educational needs adequately. Educational activities are also highly developed at the level of the undertaking; we shall refer to them later, in the section devoted to workers' participation in the management of state undertakings.

### **Trade union participation in planning**

In the economic field—so far as this can be separated from the political field in conditions such as obtain in Mali—the U.N.T.M. is guaranteed representation in the principal policy-making body, the Committee for Economic Direction, which is "specially responsible for co-ordinating government action in economic matters" and "competent to take any urgent economic measures that may appear necessary".<sup>2</sup>

The Committee for Economic Direction is the highest authority in the political and administrative planning machinery. Its chairman is the President of the Republic and it includes the following members: all the Ministers, the President of the National Assembly, representatives of the

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<sup>1</sup> It is interesting to note that articles 304 and 305 of the Labour Code provide for the authorisation of absence and of leave for trade union activities.

<sup>2</sup> Article 3 of the decree of 12 October 1960 (*Journal officiel de la République du Mali*, 1 Nov. 1960, p. 853). On planning in Mali, see the Act bringing into operation the five-year plan for economic and social development (1961-65) (*ibid.*, 15 Sep. 1961, p. 703); Ministère de la Coopération (France): *Planification en Afrique*, Vol. 1 (Oct. 1962); Seydou DJIM SYLLA: *Comprehensive economic planning in Mali* (United Nations, Economic Commission for Africa, Meeting on Comprehensive Planning, 16 Sep. 1962, Document E/CN. 14/CP/5); Samir AMIN: *Trois expériences africaines de développement : le Mali, la Guinée et le Ghana*, Etudes "Tiers Monde" (Paris, Presses universitaires de France, 1965); "Le Mali", in *Jeune Afrique* (Tunis and Paris), supplement to No. 222, 7 Mar. 1965; Ministère du Plan et de l'Economie rurale (Mali): *Rapport sur le plan quinquennal (1961-1965)*.



party and two members from the trade union organisation. Its function is to discuss the draft plan and to prepare fundamental economic decisions, in accordance with guidelines laid down by the party.

The Ministry of State responsible for the Plan and for Co-ordination of Economic and Social Affairs is in charge of the technical details of the draft plan submitted to the Committee for Economic Direction. In addition to the normal administrative services, there are national commissions for sectoral planning which collaborate with the Ministry of State in drawing up the draft plan. These commissions include representatives of the party, the trade union organisation, and the Chamber of Commerce, and civil servants.

The draft plan is then approved by the Committee for Economic Direction, adopted by the Council of Ministers and voted, in the form of an Act, by the National Assembly. The Ministry of Development is responsible for setting the plan in operation and supervising its application.

Participation by regional bodies in the preparation of the plan appears to have been empirical, effected chiefly through local elected representatives or the heads of the local administrations. But it should be mentioned that the practice of economic conferences at regional level has in some measure compensated for the absence of regional planning machinery.<sup>1</sup> It is, however, anticipated that regional planning committees will be set up for the purposes of the second plan.

### **The employers' organisations**

As a result of developments which will be described in detail below, the state sector is today preponderant in the "modern" sector of the Malian economy. In consequence, the importance and influence of the existing private employers' organisations have declined. The Federation of Industry and Undertakings of Mali, the Federation of Import and Export Merchants of Mali (SCIMPEX), the Federation of Malian Transport Contractors and the Federation of Malian Traders are the principal employers' organisations. The last two mainly comprise Malian employers, but SCIMPEX consists almost exclusively of foreign merchants. The Federation of Industry and Undertakings of Mali includes foreign industrialists and representatives of state undertakings in the industrial sector. Lastly, the role of the Bamako Chamber of Commerce, which is a public institution rather than an industrial or commercial association, is

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<sup>1</sup> These regional economic conferences constitute the principal opportunity for the discussion of the economic and social problems of a region and are often the occasion of drawing up the most important decisions concerning them. They are held every three months and are convened and presided over either by a Minister in charge of an economic department or (very often) by the President of the Republic himself. The governors of the six regions of Mali attend, together with political leaders, the senior civil servants of the region and representatives of the trade unions. The application of the plan at regional level is often the main item on the agenda for these conferences.

largely identical with that of the employers' organisations, the more so in view of the fact that it is managed by individuals who are also responsible heads of such bodies.

The participation of these various institutions, as such, in the preparation of the development plan is on the whole fairly limited.

One may note that the membership of the Committee for Economic Direction includes the President of the Chamber of Commerce, who is also a deputy in the National Assembly and, moreover, treasurer of the U.S.-R.D.A., and, in this capacity, a member of the party's policy bureau. It may also be noticed that a member of the board of management of the Chamber of Commerce is at the same time the political secretary of the party. These two distinguished persons, who are representatives of the private employers' group, thus occupy very important positions within the party and consequently participate in fundamental decision-making. It does not appear, however, that their presence in the policy bureau of the U.S.-R.D.A. is for the purpose of representing the industrial organisations to which they belong.

The leading members of the Chamber of Commerce do, nevertheless, recognise that the employers' organisations may have an important role to fulfil in the execution of the development programme, however limited their participation in its preparation. The five-year plan does in fact provide for a system of agreements with private businesses seeking to operate in Mali. It must be admitted, though, that the share of the private sector in the Mali economy today is very limited, and there is hardly any likelihood that it will increase in the future. In this connection it must not be forgotten that one of the decisions taken by the 1960 Congress of the U.S.-R.D.A. and reaffirmed in the five-year plan was that the State should supervise and direct the economy.

### **The system of labour relations**

The current system of labour relations incontestably represents a form of social participation, if only for the reason that its object is to generate a climate of social tranquillity and that it provides a framework within which differences may be resolved before reaching the stage of conflict.

### **The legislative framework**

The Malian Labour Code, adopted in 1962, is applicable to all wage earners including those in the state sector; civil servants, however, are excluded from its provisions.<sup>1</sup> It establishes an unrestrictive legal

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<sup>1</sup> It should, however, be added that the Code is to be revised in the near future. In its new form the Code will be applicable to any person who is gainfully employed, whether by a private person, the State, or a state undertaking. According to the estimates available, the Labour Code applies to almost 26,000 workers: 5,000 permanently employed on a daily

framework for collective labour relations. Part II, entitled "Labour relations", deals with employment contracts and collective bargaining and agreements. The provisions relating to employment contracts guarantee very real protection to the worker. Those concerning collective bargaining are formulated in the usual way and impose no restriction on the exercise of the right to bargain or on the conclusion of collective agreements. A procedure is also laid down for the extension of collective agreements already in force. Individual and collective labour disputes are dealt with under Part V. Collective disputes must be notified to the labour inspector or to the directorate of labour, according to their territorial extension; conciliation is then attempted. In the event of failure, the matter is referred to an arbitration board, consisting of a judge and four assessors—two employers and two workers. Its award may be declared mandatory by the Council of Ministers "in the case of disputes liable to affect the normal development of the national economy adversely or involving a vital occupational sector" (article 278).

Part VI deals with industrial organisations, trade unions and staff delegates. The provisions relating to staff delegates are no different from those applying in other countries that have inherited French traditions in this sphere. We shall, however, have occasion to comment below on the problems that may arise from the parallel existence of staff delegates, a trade union branch, and a management committee in state undertakings and companies.

Part VII, finally, dealing chiefly with public bodies, sets up a Higher Labour Board and a National Manpower Office and regulates the structure and powers of the labour authorities. The composition of the Higher Labour Board is as follows: six workers' representatives and six employers' representatives, two members of the National Assembly and senior officials of the Ministry of Labour and other Ministries concerned. The tripartite composition of the Board and its functions make it an important element in the machinery for participation by the occupational organisations in the field of labour relations.

An evaluation of the labour legislation must, of course, take into account the manner of practical application.

### **The structure of labour administration**

The National Directorate of Labour and Social Security, which is responsible to the Ministry of Labour and Public Administration, consists of a small number of officials who have to deal with the whole mass of problems involved in drawing up regulations, supervising the application of the law, conciliation in the event of collective disputes, settlement

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basis in the public administration, 6,400 in the private sector and 14,400 in the state industrial sector. It should be noted in this connection that 90 per cent. of the active population is engaged in the rural sector.



of individual disagreements, and supervising the National Manpower Office and the National Social Welfare Institute.

There are six regional labour inspection offices. Each should, in theory, be staffed by a labour inspector and a labour supervisor. In fact, owing to the shortage of qualified personnel, the six supervisors carry out the functions of regional inspectors. At area level, the responsibility for inspection devolves on the administrative officer, the Area Commandant.

The peculiarities of the economic and political situation in Mali inevitably influence the methods of labour administration. It is important to bear in mind that the private sector is of very limited dimensions in Mali and employs only about 6,500 workers. State undertakings, on the other hand, account for more than double this number. This undoubtedly facilitates inspection and control. Relations between the labour inspectors and the managements of the state undertakings usually benefit from the mutual understanding engendered by earlier contacts. Some of the managers of state undertakings are trade union officials, and the National Director of Labour is a member of the National Bureau of the trade union federation.

The labour inspectors whom the author has had the opportunity to meet are fully aware of the importance of their functions, which often extend beyond the field of inspection and supervision. In the region of Ségou, where the Niger Office—the most important of the state undertakings and the main centre for industrial development in the five-year plan—has its headquarters, the regional inspector describes his functions in the following manner: provision of information to the central authority and its representative in the region; supervision of the application of the labour laws; surveillance of the local manpower offices and social welfare institutions in the region; advice to workers and employers; education of the workers. The role of counsellor to employers and workers seems to him the most important of his tasks, as it enables him to forestall individual and collective disputes.

The informatory role of the inspector is not confined to questions of labour law; it includes economic and political problems, at least in the case we are referring to, where the labour inspector is one of the chief party executives at regional level. In this particular situation, which is probably not unique, the labour inspector is one of the best-informed officials in the region, as regards not only the undertakings and establishments that come under his jurisdiction but also in the sphere of individual and family farms, which fall outside his authority.

There is constant co-operation between the labour inspectorate and the local trade union federation.

### **Collective bargaining**

Various political and economic factors have contributed to the establishment of a system of labour relations whereby social peace is

effectively preserved. In the first place, Malian trade unionism is anxious to avoid a struggle in support of claims. No doubt the steady diminution of the private sector to the advantage of state undertakings has encouraged this attitude. Another factor is the close relationship between the U.N.T.M. and the party, which ensures that the trade union movement is associated in important decisions in economic and social affairs. Because they play a considerable part in determining official action, the trade union leaders, at least at the national level, do not feel the need to engage in campaigns to assert their claims. A phrase they have frequently used, "converting the mental attitude of the workers", indicates their desire to abandon the habit of thinking in terms of claims and conflicts, in favour of a policy of participation. Can we go so far as to assert that trade union policy and the attitude of the political authority will succeed in smoothing over all difficulties and forestalling all disputes? The claim can hardly be made categorically, although in fact there have been hardly any examples of collective disputes over the last several years. It is true that the expansion of the state sector has improved the workers' position in regard to promotion, granting of better conditions, and higher pay. The new situation seems also to have weighed heavily, along with some other factors, on the financial equilibrium of some of the state undertakings. Furthermore, the particularly good labour relations in the state sector are doubtless favoured by the fact that the workers are associated in the management of state undertakings according to the formulas that will be examined below.

Most sectors of economic activity are nowadays covered by collective agreements: many of these were concluded before the country became independent and have served as models for those concluded subsequently. The procedure of extending collective agreements already in existence is very widely used by the Ministry of Labour, and it is an interesting phenomenon that the position of the majority of the workers in the state sector is governed by agreements originally negotiated in the private sector. In general, the satisfactory condition of labour relations must be attributed largely to the positive influence exerted by the collective agreements in force.

The enlargement of trade union functions—including, in effect, supervision of compliance with labour legislation—and the effort made in the state sector to conform to the provisions of the law and of the relevant collective agreements are the two factors that justify optimism concerning the development of Mali's system of labour relations.

### **Workers' participation in management in state undertakings**

The establishment of a public sector, now preponderant in the Mali economy, and participation by the workers in the management of state undertakings are two features which give Mali a unique position among the countries of West Africa.



Mali is one of the rare African countries, if not the only one, to attempt the establishment of "socialism without nationalisation". The setting up of state companies and undertakings is motivated by economic doctrine and by practical considerations. The absolute imperative outlined by the party in 1960, namely "to attack immediately and vigorously the problem of economic decolonisation", directed the Malian leaders to establish a public sector in the economy, as a matter of more or less long-term policy. According to the directives of the five-year plan, the public sector must have a monopoly in the generation of energy, mining, and oil production, and a preponderant position in the transport sector, internal and external trade, and the financial system. Private enterprise is allowed in the manufacturing industries, subject to acceptance of the conditions imposed by the Government.

At the present time state companies and undertakings are to be found in every sector of the Malian economy. Many of them were specially established to meet urgent needs. Others have been set up to prevent the growth of an owner class based on private capitalism, or to remedy the failure of private investors to support activities they considered to be unprofitable.

The Malian Import and Export Company, usually referred to as "SOMIEX", was set up in October 1960, shortly after the proclamation of the Republic of Mali. In the commercial sector there are other state companies, such as the People's Bookstore and the People's Pharmacy, to meet particular needs in the cultural and social spheres. Some of the industrial public undertakings have been set up under the five-year plan—for example SOCOMA (preserves), the Oil Company of Mali, the Cigarette Factory, and the Sugar Works. Others are the result of regrouping: the A.C.M. (Workshops of Mali) and SONETRA (public works). Finally, we should refer, in the transport sector, to Air Mali, a company established after the disintegration of the Federation of Mali to provide long-distance transport, and the R.T.M. (Mali Transport Company), which came into being at a difficult moment in the country's history to ensure the transport of agricultural products to the seaports and of essential food supplies for the population.

By a decree dated 9 March 1963<sup>1</sup>, a National Committee for the Supervision of State Companies and Undertakings was set up and placed under the direct authority of the Head of State, assisted by a vice-chairman, who is now of ministerial rank. The present vice-chairman of the Committee is Mr. Lamine Sow, a member of the National Bureau of the U.N.T.M. Other members are the Minister of State responsible for the Plan and for Co-ordination of Economic and Financial Affairs, the Minister of Finance, the Governor of the Bank of the Republic of Mali,

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<sup>1</sup> *Journal officiel de la République de Mali*, 1 Apr. 1963, p. 201. The decree of 9 March 1963 was modified by a decree of 8 June 1964 (*ibid.*, special issue, 10 Nov. 1964, p. xxvi).

two political commissars, two members of the National Assembly, two representatives of the U.N.T.M., a judge, and senior civil servants.

The Committee co-ordinates economic activity in the state sector, supervises its functioning and settles disputes that may arise between the directors of the national undertakings and the civil servants responsible for supervising them.

The general status of undertakings in the public sector was determined by an Act of 26 January 1963.<sup>1</sup> The national undertakings are "the property of the people, protected by the State, and cannot be returned to private hands" (article 2). They have legal personality and financial autonomy; they are placed under the authority of the Ministry responsible for their type of activity and under the supervision of the Minister of Finance.

The directors of the national undertakings are appointed by the Council of Ministers on the proposal of the appropriate Minister. The directors are assisted by management committees of workers. The following extracts from the preamble to the Act establishing the general status of the national undertakings convey the ideas underlying the establishment of the system of workers' participation in management: "Born in the struggle for the country's economic independence, the national undertakings represent a decisive victory for the workers of the Republic of Mali. . . . The exploitation of man by his fellows is abolished once and for all, and the nature of labour is transformed. . . ."

### **Composition of the management committees**

Article 8 of the Act of 1963 institutes for each state undertaking a management committee of five to 11 members, including the directors and the committee of the trade union branch in the undertaking. The same article declares that "this management committee is assisted by a delegate of the party". These basic provisions call for some comments. In 1966 SONETRA, the public works undertaking, had about 1,000 employees, including temporary staff, of whom some 300 were paid up members of a trade union. The management committee had 11 members, five being trade union committee members<sup>2</sup> and six representing the management. Six workers attended the meetings of the management committee as observers.

SOCOMA (manufacturing preserves) employs 538 workers, exclusive of seasonal workers and including 300 women. The management com-

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<sup>1</sup> *Journal officiel de la République de Mali*, special issue, 10 Feb. 1963, pp. xx-xxi. The Act of 26 January 1963 was amended by the Act of 26 December 1963 (*ibid.*, 1 Feb. 1964, p. 114) and by the Act of 15 July 1964 (*ibid.*, special issue, 10 Nov. 1964, pp. ix-x).

<sup>2</sup> The five trade union committee members are also members of the undertaking's political committee and are departmental heads.

mittee has 11 members, the maximum permitted by law. In practice, the secretary-general of the political committee and the party representative are also associated in the work of the management committee.

In the Niger Office, with more than 4,600 workers, the management committee is composed of ten members: the director and deputy-director, two members of the administrative secretariat, four departmental heads, a representative of the political group and a trade union representative. Of these ten, two are members of the trade union committee.

From these three examples it would seem that the composition of management committees varies widely from one undertaking to another and that the number of trade union representatives is not necessarily equal to that on the management side (which is not, in any case, prescribed by article 8 of the 1963 Act). The participation of the party delegate is ensured in various ways and may be a mere consequence of the dual functions exercised by one or a number of workers. It will be noticed how frequently the trade union representatives are departmental heads in the undertaking. In the circumstances it becomes difficult to define the boundary between management and trade union branch, in the sense intended by the Act, when members of the trade union branch occupy positions of authority within the undertaking and could, therefore, be regarded as belonging to the management. The confusion is still more striking when the director is himself a member of the trade union in the undertaking; which is a by no means theoretical case, for at least two directors of state undertakings are members of the National Bureau of the U.N.T.M.

### **Functions of the management committees**

The management committee takes no part in decisions of an economic nature<sup>1</sup>; its powers extend to three sectors of activity. In the first place, any questions involving the organisation of labour, the improvement of productivity, the system of payment, recruitment and dismissal must be brought before it. It also makes proposals for special bonuses and awards to outstanding workers (article 8, paragraph 2). Secondly, the management committee examines the annual plan for the undertaking, drawn up by the director in accordance with guidelines laid down by the national plan. The plan of the undertaking is explained by the director before a general assembly of the workers. Normally the execution of the plan is checked every three months by the workers, who propose the measures required for its accomplishment. Finally, any dispute arising at undertaking level must be considered by the management committee before the procedure prescribed in the Labour Code is initiated.

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<sup>1</sup> Articles 20 and 21 of the Act respecting national undertakings provide, in effect, that these shall be managed by a director, who is personally responsible for management, administration, accomplishment of all the tasks and the development of the undertaking.



## **The role of the various mechanisms for workers' representation**

The functions of management committees in national undertakings raise, in practice, a number of problems that may be grouped under two general headings: what is the nature of the functions effectively performed by the management committees? and how do the various mechanisms for workers' representation within the undertaking co-exist? These two questions may at first sight appear distinct, but in practice they are closely related. We shall try to provide an answer in the course of a rapid review of the situation prevailing in three state undertakings: SONETRA, SOCOMA and the Niger Office.

SONETRA illustrates a total symbiosis of the three organs, management committee (at least as regards its trade union members), trade union branch and political group. In consequence, the powers attributed by law to the management committee are largely exceeded, owing to the dynamic role played by the trade union branch. In this undertaking the competence of the management committee is interpreted very broadly: it extends to the whole range of economic, financial and management problems involved in the undertaking. The meetings of the management committee are prepared in advance by the trade union branch, which is provided in sufficient time with the necessary documentary information. The director of the undertaking sometimes decides not to attend certain of the meetings, in order to avoid influencing the management committee. There is no record of a failure by the trade union and management sides on the management committee to agree: quite often agreement has been reached once the necessary explanations on a particular question have been provided by the director.

The trade union branch of SONETRA describes its role, and by implication that of the management committee, in this particular case, by reference to three principal functions: education of the workers; defence of the workers' interests; supervision and organisation of work.

The educational tasks are the most important. First of all, the nature and social function of the undertaking which employs them must be explained to the workers. The individual and collective claims regularly put forward in the days of private capital and before the country's independence are no longer desirable now that the independent State itself has taken over production. The members of the trade union branch admit that they have had certain difficulties in obtaining the workers' recognition that things have changed in this respect.

The educational tasks extend to the question of wages. The SONETRA trade union branch has had the duty of explaining to the workers that the level of wages must be determined in relation to the annual results of the undertaking. At the end of the management committee's first year of operation regrading of the workers was carried out.

The establishment of a "workers' fund"<sup>1</sup> was also, at the outset, questioned by the workers, who would have preferred the sums set aside for it to be distributed in the form of supplementary wages. At present the fund is managed by the trade union branch.<sup>2</sup> The amount made available for the fund has varied between 2 million and 300,000 Mali francs<sup>3</sup>, and it has contributed to the construction of premises for literacy classes for the workers, a meeting hall, a sports ground and a training scheme for the purpose of assimilating casual labourers to the permanent labour force. Instruction in reading and writing is provided by the literate workers in the undertaking. The departmental heads and accountants have initiated technical training courses for the workers concerned. A trade union school for building workers has been built with the aid of the fund.

In its role of safeguarding the workers' interests, the trade union branch has obtained rulings from the management committee on the regrading and remuneration of workers. Furthermore, in the special case of jobbing work the trade union branch carries out the task of supervision and organisation. Certain building operations and public works are assigned by SONETRA to subcontractors for a fixed payment. In such cases, the technical supervision and planning of the work are placed in the hands of the undertaking's trade union branch. According to the trade union leaders in the undertaking, recourse to this jobbing system has helped to increase labour productivity (which has apparently trebled) and to the fight against unemployment resulting from redundancies that SONETRA has been obliged to declare. The attitudes of the trade union branch and the management are identical on the use of jobbing labour; the trade union branch considers it has protected the interests of the workers concerned by ensuring similar remuneration for a shorter working period than would have been the case on time rates.

Altogether, the management and the trade union branch consider that they have acted in close co-operation. Relations between the branch and the labour administration are satisfactory. The management indicates that there has been only one case of individual dismissal, which, moreover, had the approval of the management committee.

The principal task of the political committee of SONETRA is to explain and distribute political messages from the party. It exercises no supervision over the management committee or the directors.

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<sup>1</sup> Established under the Act of 26 January 1963. The money in the fund is reserved for bonuses to outstanding workers and for the social and cultural activities of the undertaking.

<sup>2</sup> Originally the fund was financed by a block grant fixed at the end of each accounting period by the management committee and related to the profits of the undertaking. Following the revelation of certain abuses practised by some of the workers when applying for assistance from the fund, there is now a scheme whereby it is financed partly by workers' contributions and partly by the management.

<sup>3</sup> That is, between \$8,000 and \$1,200. SONETRA's turnover amounted in 1963 to 1,000 million Mali francs (\$4 million).

In SOCOMA the workers employed on production tasks are grouped in "socialist brigades", led and organised by the trade union branch. In each brigade, consisting of 12 to 30 workers, there are four trade union officials, each with a particular duty. The first, the brigade leader, has the task of informing and training the workers in his group and stimulating a competitive spirit in order to boost production. The second is responsible for supervising the application of labour legislation (especially in regard to hygiene and safety at work) and for planning the brigade's work. Social assistance and welfare are dealt with by the third, and the fourth is in charge of cultural activities, including education in trade union affairs. A "competition commission" operates within the undertaking; its purpose is to compare the output of the different brigades and make proposals for the award of distinctions.

In addition to organising the workers in the interests of increasing production, the trade union branch is active in the field of basic education for the workers. It may make representations for regrading particular workers. It undertakes the defence of those who have been penalised with what is considered undue severity. Finally, in many cases, the trade union branch has intervened to speed up the payment of family allowances.

After each meeting of the management committee, a general assembly of workers is convened and informed of the decisions the management committee has taken, of the difficulties it has encountered and, should the case arise, of the penalties imposed on a worker.

No difficulty is reported in the relations between the management, management committee and trade union branch at SOCOMA. The political committee too, whose chief task is to publicise political messages from the party, works in close collaboration with the trade union branch and management.

The management committee of the Niger Office, which includes, as mentioned above, two trade union representatives, meets every week and discusses the whole range of internal problems in the Office. The departmental heads bring their respective problems before the committee. The trade union committee representatives are particularly concerned to ensure the success of individual claims from workers. Obviously, the Niger Office is a special case among the national undertakings. It is, in the first place, an inheritance, and an unwieldy one, from the colonial period. The number of workers employed—more than 4,500—creates some difficulty in operating the management committee in the manner prescribed by the law. Moreover, the nature of its activities (rural settlement, modernisation in the rural sector) gives rise to additional problems with ramifications extending up to management level. The Niger Office is also the only national undertaking visited by the author where staff delegates have been elected and carry out their functions. The Act establishing the national undertakings does indeed provide (article 24) that



staff delegates should be elected in these undertakings "by the trade union members" and that these delegates "represent the interests of all the workers in the undertaking". The point is worth mentioning, as it seems that in the other national undertakings the function of staff delegate is combined with that of the trade union branch or the management committee.

## **Evaluation**

There is no disputing the fact that workers' participation in the state undertakings in Mali represents a novel experiment in Africa south of the Sahara. There can be no question here of passing final judgment on this experiment, as the author's opportunities for on-the-spot observations were limited to three state undertakings, and the discussions he had touched only the surface of this complex question. Extrapolation on the basis of the particular cases of SOCOMA, SONETRA and the Niger Office should not be attempted. It may well seem that the first point to be emphasised on the subject of workers' participation in state undertakings is that each undertaking represents a particular situation. The nature of the undertaking's activities, its size and the number of its employees, its location, the personality of the director and the influence of his occupational background, the strength of the trade union branch within the undertaking—all these are variables that have an effect on the situation as a whole.

An illustration of the extent to which the existing situations vary is provided by the considerable differences, between one undertaking and another, in the composition and functioning of the management committees. The general assembly does not play the part assigned to it in the national undertakings by the Act of 1963—a modest enough part, indeed, since it is limited to receiving the explanations of the director, but of a kind to encourage conscious association of the whole body of workers in the running of the undertaking and in increasing production.<sup>1</sup> The difficulties likely to be encountered in arranging a general assembly in undertakings employing a large number of workers need not be disguised. The remark about the particular nature of each situation can also be applied to the functioning and powers of the management committees. In the first example, SONETRA, the management committee shares with the management the widest responsibilities within the enterprise; few problems escape its scrutiny. At the opposite extreme, the management committee of the Niger Office plays only a very limited role, faced as it is

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<sup>1</sup> In this connection a passage from a Presidential Circular may be quoted: "No monthly general assembly of workers has yet been held in any undertaking to inform executives, supervisors and workers of the undertaking's progress and its problems, with the practical aim of mobilising the whole body of workers for greater productivity." (Circular No. 394, P.G.C. 6 June 1966, quoted in Bamako Chamber of Commerce; *Circulaire mensuelle d'information*, June 1966.)

with a management that takes upon itself all the traditional attributes of management. In the third example, SOCOMA, the organisation of the workers in brigades deprives the management committee of its normal functions.

At least one feature common to all the undertakings studied must, however, be noted. The trade union members of the management committees usually occupy responsible posts within the undertaking. It is obviously desirable that the members of the management committee should be sufficiently educated to perform adequately the frequently complex tasks with which they are entrusted. It is therefore natural that the better educated among the workers—which means the executives and supervisors—should be chosen for these functions. This situation is the consequence of inexorable fact, the low level of the workers' education. The danger that threatens in the national undertakings is the increasing power of the members of the management committees over the whole body of workers and ultimately the development of workers' management in a direction quite different from the spirit in which it was conceived. This danger is heightened by the very frequent confusion of trade union responsibilities, managerial authority, and membership of the management committees. In these circumstances there is considerable risk that a hierarchy may emerge and consolidate itself within the national undertakings, armed with extensive powers, making use of the trade union machinery to maintain its hold on the managerial function and using the latter to safeguard its position in the trade union.

There is a further risk that the free hand given to the undertakings, under the Act of 1963, to award bonuses and grants to the best workers may result in inequalities according to the financial profitability<sup>1</sup> of the different undertakings, and particularly that it may facilitate abuses in the form of excessively large grants to departmental heads by way of reward for the responsibilities they carry. Such fears are not without foundation, and political leaders have been heard publicly deploring the manner in which the finances of some of the national undertakings are managed.

From these fragmentary observations it may not be easy to draw a definite conclusion on workers' participation in the national undertakings. However, it is important to emphasise the interest and originality of the experiment—and not to forget that the machinery has been working for only two or three years. It is a fact that the traditional concept of authoritarian management has yielded place in Mali to an experiment that encourages and may develop participation by the workers. But such participation should not be hampered in the name of efficiency or taken over by the very persons responsible for bringing it to fruition. It is

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<sup>1</sup> The criterion of financial or economic profitability is in any case far from being the most important factor in appraising the quality of management of some of the national undertakings. Some directors complain that they are subjected to political pressure to engage numbers of workers beyond the undertaking's normal capacity.

in any event certain that the U.N.T.M. has a capital role to play in management in the state sector and that workers' participation, at present limited to individual undertakings, can be expected to become a reality on a broader national scale.

### **Conclusions**

Trade union action and the establishment of a balanced system of labour relations functioning through the combined efforts of trade unions, the labour authorities and the state sector constitute two forms of social participation that can be distinguished at two different levels: the national level and that of the industrial sector.

The functions of Mali trade unionism are founded on action undertaken or supported by the party. It is therefore peculiarly difficult to draw a dividing line between purely political activities and those which are socio-economic in nature. Trade union participation takes place in various fields other than the political sector. In the first place, trade unionism assumes a managerial function in the state sector of industry. The future implications of this function still depend on considerations deriving from particular circumstances. It is probably too early yet for Mali trade unionism to define its own philosophy in terms of workers' management of state enterprises at national level. This task, moreover, is full of difficulties, the chief of which is the need to reconcile the managerial function with that of defending the workers' interests. In the second place, trade unionism represents an extension of political institutions into the sphere of productive work. Thus a type of division of labour has been instituted between the party, which represents the workers—and the nation—in the political sphere, and the trade unions, which do so in economic matters. In the social sphere too trade unionism tends to fill the same role, for example by taking the responsibility for drafting certain parts of the labour regulations and collaborating very actively in the supervision of their application.

The share of the trade unions in social participation not only constitutes its major element, because of its ramifications in the economic, social and political spheres, but is also the best organised. Trade unionism today, thanks to its traditions and to the men trained in its service, who are now to be found at every important echelon of social organisation, and also to the responsibilities it discharges, has reached a point of equilibrium between its function of defending the workers' interests and that of participation and between its contribution to the awakening of political awareness in the workers and their systematic organisation. But its future development is bound up with industrial growth, modernisation of the rural sector, and the opportunities for promoting junior trade union officials who must be called in to replace the present leaders if sclerosis is to be avoided. In addition, pluralism—the simultaneous



holding of trade union offices and political functions in the larger sense—may create difficulties for the future. It is true that Mali has deliberately chosen a form of political and economic organisation that permits such pluralism. But the multiplicity of different powers in the hands of a few men involves a risk of setting trade unionism on a more authoritarian course than that followed up to the present. Certain contradictions are already apparent as a result of the assumption by trade union leaders of managerial functions at the head of state companies. Can the director of an undertaking who is also a member of the U.N.T.M. leadership fulfil his managerial responsibilities and his trade union tasks at one and the same time and without inconsistency? The same disparity between the functions actually performed by the trade unions and those attributed to them by legislation is perceptible in other spheres. No doubt the rules of the U.N.T.M. make due provision for the different tasks falling within the competence of the trade unions, for example the supervision of the application of labour laws; but no judicial decision has yet confirmed this *de facto* system. This situation is not peculiar to Mali, and in some other African countries the legal framework is just as remote from social reality.

One of the peculiar characteristics of the contemporary situation in Mali is the absence of social tensions, not only in labour relations but in society as a whole. The economic decision to establish a socialist system does not imply the sudden elimination of the narrow class of private capitalists. The Malian leaders like to point out that the establishment of a state sector has taken place without recourse to nationalisation. For their part, the employers' spokesmen assert that private initiative in the development programme is stimulated though also rendered difficult by the growth of the state sector. It is significant, however, that the Malian representatives of the employers' interests have opportunities for securing acceptance of their point of view within the policy bureau of the U.S.-R.D.A. party as well as in the Government. Thus the equilibrium achieved in the field of labour relations is by no means artificial, any more than it is imposed by authoritarian state control. Finally, the situation does represent a particularly interesting form of social participation, achieved thanks indeed to a favourable concatenation of circumstances but also to the willing collaboration of the parties concerned.

At the conclusion of this study, the author is left in no doubt as to the importance of the institutional structures which encourage social participation. The desire of the public authorities to initiate and develop social participation in the industrial and urban sector, the willingness of the various groups to play their part in building the nation and in developing its economy can find expression only through machinery and procedures adapted to specific situations. The interest of the Malian experience in this field is that it shows us a pattern of institutions which, even if their operation is still hampered by certain obstacles are nevertheless of an original character.

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# The World Conference on Church and Society

Archibald A. EVANS <sup>1</sup>

A WORLD CONFERENCE on Church and Society was held in Geneva from 12 to 26 July 1966 under the auspices of the World Council of Churches. It discussed a wide range of social, economic, political and ethical problems, and its views thereon have now been published.<sup>2</sup> The present article, written by one of the observers of the International Labour Organisation attending the Conference, attempts to single out some of the conclusions adopted by the Conference which are of special interest to the work of the Organisation in regard to such matters as human rights; prices, incomes and wages; the implications of technological change; problems of economic growth; and programmes of technical co-operation. Brief mention is also made of some of the closely related issues concerning the responsibility of the citizen within the State, the maintenance of peace, and the activities of international organisations.

## Nature and purpose of the Conference

The theme of the Conference on Church and Society was described as being that of Christians in the technical and social revolutions of our time (6), and its purpose was to look at the problems of society in the modern world from the perspective of God's call to man (8). It was called upon to examine the following realities in the contemporary world and their implications for human relationships: the accelerating technological development of our time; the liberation of peoples from various kinds of dominance, together with their new expectations of a fuller life; the growing division between the rich and the poor countries; and the conflicting interests and consequent power struggle of the nations in an

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<sup>1</sup> Late of the International Labour Office.

<sup>2</sup> World Conference on Church and Society: *Christians in the technical and social revolutions of our time*. Official report with a description of the Conference, by M. M. THOMAS and Paul ABRECHT (Geneva, World Council of Churches, 1967). Published also in German and Spanish. A mimeographed version in French is available. The numbers in parentheses in the text of the present article refer to pages of the report.



increasingly interdependent world (8). It was, however, made clear that the Conference was not called upon to establish the doctrine of the non-Catholic Christian churches in social and economic matters. It was to speak *to* the churches but not *for* them, in the expectation that the churches would examine the conclusions reached by the Conference and use them as a basis for thought, discussion and action.

The Conference, which was held under the chairmanship of Mr. M. M. Thomas, Director of the Christian Institute for the Study of Religion and Society (India), was the most widely representative—as regards interests and countries—ever held, bringing together 420 participants from 80 nations and 164 churches. It was the successor to the Universal Christian Conference on Life and Work held in Stockholm in 1925 and the World Conference on Church, Community and State which took place in Oxford in 1937. For the first time the majority of those present were laymen: professional men, economists, political leaders, social workers, businessmen, industrialists and trade union leaders. The rest were theologians and church leaders. Almost half the participants were from Africa, Asia and Latin America. There were 30 youth participants. The Roman Catholic Church sent a team of observers who took part in the proceedings of the Conference, and the United Nations Development Programme, the United Nations Conference on Trade and Development, the International Labour Organisation and some other specialised agencies were also represented by observers.

During the plenary sittings a number of themes were introduced by distinguished speakers, but the Conference worked mainly through four sections which dealt respectively with economic and social development in a world perspective; the nature and function of the State in a revolutionary age; the structure of international co-operation—living together in a pluralistic world society; and man and community in changing societies. Preparatory volumes on each of these themes, consisting of contributions from a substantial number of well-known writers, most of whom took part in the Conference, had been sent out in advance.<sup>1</sup>

One of the striking features of the Conference was the attempt to ensure that all the proposals emerging from its debates would take into account the different disciplines represented. The interaction of different approaches was one of the interesting results. Clergy and theologians were brought face to face with social, technical and economic reality, and economists and social scientists had to think about the ethical bases of their proposals, their social objectives and their general teleology. To assist in securing this balanced approach, groups consisting of members

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<sup>1</sup> These volumes, which were published in 1966 (New York, The Association Press, and London, S.C.M. Press), were as follows: John C. BENNETT (editor): *Christian social ethics in a changing world*; Z. K. MATTHEWS (editor): *Responsible government in a revolutionary age*; Denys MUNBY (editor): *Economic growth in world perspective*; Egbert DE VRIES (editor): *Man in community*.

drawn from each of the sections dealt briefly with theology and social ethics in a changing world; the potentialities of the contemporary technological and scientific revolution; and the action of the Church in society.

The Conference voted that the reports from its sections and groups be received for inclusion in the general report of the Conference and that their conclusions be adopted by the Conference and transmitted to the World Council of Churches and its member churches for study, consideration and appropriate action.

### **Social and economic objectives <sup>1</sup>**

Though there was a search for a social teleology, the disparity of views among participants in the Conference regarding economic systems, and the desire to agree on proposals for practical action, militated against the formulation of any coherent philosophy of social and economic objectives. There was, however, a consensus on many issues.

One of the propositions on which there was general agreement was that the alleviation of human suffering and the achievement of the abundant life for all have a primary claim on Christian bodies, and that these tasks must include energetic work towards the elimination of the social causes of suffering as well as care for the victims of injustice and misfortune (208). Christians must insist that priority be given to the needs of the poorest sections of society, and above all to those of the developing world (60).

When new nations are being built, goals should include the development of national purpose, the greatest possible development of human and natural resources, the creation of broadly based social organisations and social justice, security for the people and the State, adequate education and cultural opportunity for all people, and participation of the people at all levels in the decision-making processes (107). Governments of developing countries must dictate their own economic priorities in order to establish and maintain genuine independence and relate the economies of these countries to the interests of the people (109).

For the advanced countries it is necessary to work out a balance of policies relating to full employment and the distribution of income among individuals, among regions, and among rich and poor countries. There are many objectives of economic policy other than growth: price stability, balance-of-payments equilibrium, a balance between private and public enterprise, freedom of personal choice, an increase of leisure, the progress of knowledge, and an improvement in the quality of all aspects of life, as well as keeping within bearable limits the insecurity and violence to which rapid evolution necessarily exposes every man. There are legitimate differences of judgment about the relative importance of these

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<sup>1</sup> This part of the article and the parts which follow are based on the reports and conclusions of the Conference's various sections and groups.

objectives; the balance between them is the source of most political controversy both within and between countries (55). After examining the advantages and drawbacks of various economic systems, the Conference pointed out that all major types have shown themselves capable of rapid growth and wide distribution of income, and that they are changing, learning from each other, and apparently converging (57).

There was, moreover, general agreement that mankind must accept collective concrete responsibility for development and for racial and economic justice and that this will not be achieved when nations act as if they had the right to make decisions affecting other people and as if they were responsible only for their own interests and not for those of others (139).

It was, however, emphasised that it is necessary to take a long view:

Nations look . . . towards their needs and aspirations for the year 2000. . . . This means that man can no longer make ethical choices only in the light of the present situation; rather he must use his ethical imagination in relation to conditions that still lie ahead. Our ethical thinking must share in the process of goal-setting in our societies. (190)

## **Human rights**

Though few formal statements were made on the subject, there was throughout the discussions of the Conference an underlying sense of the importance of the individual in society, the dignity and status of the person. Thus the Conference felt that in all countries, especially those which are, or are becoming, prosperous and highly organised, the churches should help to keep alive a deep concern for the human (90)—“the economy exists for man, and not man for the economic system” (58).

The Conference recognised that the work done by the United Nations and the specialised agencies in the field of human rights, labour relations, and social and economic conditions might form the basis for an international ethos in these fields (149). But this is not enough. There is a danger of regarding mere reference to human rights in international instruments and national constitutions as a substitute for effective guarantees of these basic human rights and freedoms. Christians have to play an important role in promoting greater respect for and observance of them and encouraging the development of international machinery for their effective protection. They can also press their own societies for effective implementation of internationally accepted standards of human rights through constitutional provisions, laws and administration (103). The definition of these rights should be further studied (118-119).

Generally speaking, the Church should support all practicable measures aimed at changing any political and economic order which reflects the denial of political rights or economic opportunity, segregation, discrimination, or other suppression (150). Christians and churches everywhere are urged to mobilise all resources to ensure the full and equal



participation of all racial and ethnic groups in the corporate life of a pluralistic society (175). No discrimination should be made among men for religious, racial or ethnic reasons (176). In particular, the churches should call upon their governments to ratify at the earliest possible moment, and to enforce, the United Nations Convention on the Elimination of all Forms of Racial Discrimination, adopted by the 20th General Assembly, and to support the creation of an Office of United Nations High Commissioner on Human Rights to oversee the implementation of the Convention (150-151).

There was general support for the principle of equal pay for equal work, as advocated by the International Labour Organisation (164), and the Conference agreed that it is important that the churches press for the establishment by governments of laws to ensure that men and women have an equal right to work, status and pay (177).

### **Participation in decision making**

As the Conference rightly pointed out, at a time when all countries are drawing up plans, the major issue is where the planning is to be done and by whom (57); further study was therefore recommended of the means by which people can gain and maintain control of the decision-making processes, including the sphere of production and labour (119).

In the existing situation, employers' and workers' organisations not only have to play their traditional roles in determining conditions of employment through collective bargaining or otherwise, but also have to consult with governments on broad issues of social and economic policy. This calls increasingly for responsible and informed leadership within these organisations—leadership which seeks to ensure that the general interests of the community are not lost sight of in the promotion of partisan aims (62). One of the issues related to the status of the worker as a person that must be the concern of Christians is that of finding ways and means by which the employee can participate in the decision-making process in matters which affect his interests (63-64).

In discussing economic development, it was pointed out that it will be successful—

to the extent that all decision makers in the economy—the government, organisations of employers and workers, consumers' representative bodies and the many voluntary agencies that may be active in the field—work together through mutual consultation and joint action. The leaders of these bodies have a responsibility to give leadership to their members in this regard. (79)

### **Incomes, wages and prices**

Economic growth means rising incomes for almost all social groups, but very few societies manage to combine rapid growth with stable prices. The process of industrial bargaining, with leapfrogging wage claims, seems

to give rise inevitably to an increase in money income greater than the rise in national productivity. Privileged groups manage to keep ahead in the race, and benefit accordingly, but everyone may suffer in the long run. The working out of policies which will avoid inflation without undue interference in the normal processes of industrial bargaining is a major challenge in most highly industrialised countries.

Christians must reject policies which involve more than the inescapable minimum of unemployment and the waste of human and other resources implied in the deliberate reduction of the rate of growth below that which is possible. They cannot evade the question of the relative incomes of different groups in the community, both different industrial groups and different social classes. A wage freeze is totally unacceptable if dividends and farm prices are not also controlled and if there is not fair taxation of the well-to-do. Churches must be concerned that policies for the distribution of income and capital are fair to all groups (60-61). Christians must be sensitive to the needs of those groups in the community which lose out in the general pattern of growth. They should work for income and price policies which, among other aims, do justice to those who are unable to contribute to production and thus earn income in a market economy (62).

### **Social aspects of technological change**

The Conference devoted a good deal of its time in several of its sections to considering various implications of technological change. On the whole, developments of this kind were regarded as both inevitable and desirable. The churches should welcome the economic growth and social development which the development of science and technology makes possible, because this helps to free men everywhere from unnecessary work and material insecurity (90).

There are, however, drawbacks as well as advantages:

Technology is humanising when it frees man from magic, from material servitudes and work, from endemic diseases and hunger, and when it frees man for the new possibilities in leisure, for satisfaction and fulfilment of self, for new forms of creativity. Technology is dehumanising when it locks men into meaningless routine, into boredom and loneliness for the individual, into a highly fragmented and fiercely competitive society. (154-155)

The sharing of the benefits of new technological advances among different groups and between capital and labour often raises particularly difficult problems (61). Given its dual character, technology must be made to serve human purposes and not be allowed to overwhelm them (52). Therefore the rate of change must be governed by a primary consideration for human welfare (155).

These technological changes need to be fitted into the community pattern. The quest for new forms of human relationship that nourish the best in man should be the directing factor in our use of technology (156).

The Conference summarised as follows some of the problems which arise as a result of technological change and the possible solutions to them. Technological change brings many problems in its wake. People are forced to change their jobs and often the place where they live. Some areas decline in prosperity, and some skills lose their significance, while other sectors of industry are held back by a shortage of adequately trained workers. Various steps have been taken by government and business in different countries to meet these and related problems. These include measures to ensure that workers are not too hastily declared redundant, and to provide financial compensation for those who are displaced. Action to deal with unemployment includes the strengthening of government employment agencies, the establishment of industries in areas of high unemployment, the retraining of adult workers displaced by technological changes, and the encouragement of broader-based training in industry itself. Management and organised labour carry a major responsibility for making their own contribution to the increased flexibility which technological change requires of both managers and employees in industry and commerce (64).

On the broader scale, adaptation to technological change needs constant watching:

Technology requires continual planning—a capacity to envision the future and to make explicit what we want and expect from it. But the plans we fashion must always be tentative and provisional, subject to radical alteration. (191)

### **Some problems of economic growth**

In the field of economic development, the Conference adopted a forward-looking and constructive approach: the churches should welcome economic growth because it helps to free man from unnecessary want and economic insecurity (53).

In the developing countries in particular, economic development is essentially a process of change, whose fundamental aim is to improve the living conditions of all the people in a country. From the Christian viewpoint this change is part of the effort to create a truly just social order (66). Nevertheless—

The churches should not accept uncritically the phenomenon of economic growth, particularly in the richer countries. Concentration on material advancement—whether by nations or families—tends to make men forget the real values of life. A too high level of consumption brings its own peculiar dangers and temptations. . . . The danger is that men may serve the economy rather than make it serve them. . . . In countries which are already prosperous . . . the churches . . . should insist that the organisation of work and its fruits are not ends in themselves but means to an end—the well-being of the whole man and the ability to help others. They should awaken the conscience of those who are working in and for the economy, and create an awareness that whenever economic growth does spiritual damage to man, in his work or his leisure, the economy needs correction. (54)



The use to which increasing wealth may be put gives rise to ethical problems. The economic power resulting from a high national income may be used for national aggrandisement and armaments: this is often self-defeating, as it tends to destroy the wealth on which the power is based. It may be used for foolish, conspicuous consumption, for the satisfaction of vanity and pride, and wasteful advertisement of the demoralising and the trivial. It may be used for investment, human or material, with a view to increasing power in the future. It may be used to raise the status, skills and income of the poor. It may be used to permit uncontrolled expansion of the population, which may eventually destroy the wealth that made it possible. It may be used to allow the growth of great metropolitan regions, or to develop new patterns of urban and rural life (59).

The Conference in its various sections discussed at length problems arising in connection with some of the factors required for economic growth. Economic development is brought about by measures to increase productivity, usually through increased investment, sustained over a period of time (66). Growth requires elimination of waste, of both resources and men, systematic exploration of new methods and technologies, the maximum use of new opportunities, and ingenuity in the perfection of all kinds of tools (53).

However, particularly in developing countries, account must be taken of the wider socio-political forces at work in the economy. For instance, the availability of manpower will depend on the willingness of the population to accept the discipline needed for modern industry, the utilisation of land will depend on the pattern of land tenure, and the growth of capital will be determined both by the community's readiness to forego present consumption and by the effectiveness with which capital is used by individuals and organisations (68).

There is also the problem of the balance to be maintained between various sectors of production. Each developing nation should be encouraged in its efforts to diversify its production, so that it is less vulnerable to external economic pressures (78). In many cases care must be taken to ensure a proper balance between industrial and agricultural development. In most developing countries agricultural production must be increased not only to meet the growing demand of the rapidly increasing population, but also to provide the higher incomes necessary for capital investment (75). Transfers of labour from the agricultural to the non-agricultural sector will be necessary, but they must be carefully regulated according to the growth of the two sectors. Even if labour is absorbed at precisely the same rate as it is released from the farm sector, the transfer of farm labourers poses great human problems of adjustment, adaptation and reorientation (75).

A difficult problem for many developing countries is the type of technology which should be adopted in the process of growth. When

mechanical power is substituted for manpower, scarce physical resources, essentially capital, are used up and the problem of the non-utilisation of human resources is aggravated. It has often been suggested that countries with an abundant supply of labour should resort to labour-intensive techniques, but this is a rather abstract solution which does not take into account some of the practical realities of the situation (68). One reason is that where extremely simple, labour-intensive techniques are used, the output per worker is low and hence wages also have to be low, even below socially acceptable levels—unless the use of these techniques is subsidised by the State. The problem is further complicated by the fact that in most such economies there is a sharp distinction between the “organised” and the “unorganised” sectors. In the former, wages are high, and hence labour-saving techniques similar to those used in the advanced countries are justified on economic grounds. In the “unorganised” sector, which is usually not governed by the same type of price and cost calculations, and where production is by small household units, the simple labour techniques used yield low incomes. These economies, therefore, use a wide spectrum of techniques ranging from the most primitive to the most sophisticated. Even in economies where labour is relatively scarce, primitive, labour-intensive techniques may be used because they are simple (68-69).

The emphasis should be on developing new techniques that reduce human drudgery and increase labour productivity without involving large-scale use of capital and other scarce resources. Many recent experiments have shown that such possibilities do exist. Developed countries and international and voluntary agencies can give valuable assistance in this matter, if it is offered with a truly indigenous orientation. (69)

However, wider issues are involved in decisions regarding the most appropriate techniques. Those which utilise the abundant manpower but have low productivity may provide employment and increase output, but their contribution to the growth of the economy may be negligible, as little, if anything, can be saved out of the low-level incomes that they generate and distribute widely. More mechanised techniques may produce more savings but at the expense of employment. Thus many underdeveloped countries are faced with a major choice made difficult by the complex social, economic and political issues involved, and the need to work out a comprehensive scheme of production patterns, market regulations and income distribution policies (69).

The Conference also gave much attention to the development of human resources. It recognised that education is the key to long-term progress for the developing nations (70). Technical and business training are greatly needed, although the liberal arts are equally important. Professional and technical skills adapted to local conditions and needs, and informed, responsible participation in society should be the aims of education in developing countries. The most important task for the



churches is to move from primary to technical, vocational, agricultural and business education, supplementing existing opportunities in government institutions and universities. There is a great need in the economic field and in teaching for people with a Christian motivation, high ethical standards, personal integrity, and a sense of responsibility (71).

The Conference also referred to the "brain drain" produced by people from the developing countries staying in the countries in which they receive training rather than returning to contribute to the development of their homelands. The strengthening of facilities for higher education and the provision of facilities for the use of their talents in these countries, including the creation of a social, political and economic environment which encourages effective participation, should help to alleviate this problem. Christians should accept the challenge and the responsibility to serve where the needs are greatest rather than where the financial rewards and the social and political climate are most attractive. Voluntary agencies which offer financial help for overseas studies might consider rather assisting in the provision of local training facilities; where aid is provided for training abroad, they should consider including in their arrangements the condition that recipients return to their home countries for a certain period after the completion of their studies (71).

Another factor of production of great importance is land. In some countries full utilisation of natural resources, such as land, is prevented by existing patterns of ownership and management. Especially in Latin America, major land reform is a precondition for economic development. The aims of any land reform must be to enable the best use of land and rural manpower in the common interest and thereby to bring about greater production and social justice. "The earth is the Lord's, and the fullness thereof", and the Church must insist on a faithful stewardship of such resources (77).

The best use of the various factors of production, however, involves planning. Rapid growth can be achieved only through some form of conscious planning, but in this planning it is not necessary for the under-developed countries to emulate uncritically what obtains elsewhere. The particular pattern of growth which a country should adopt depends on its environment, the values of its people, its social goals, and the types of institutions it has or can develop (78). Comprehensive planning is required to remedy regional imbalances and deficiencies in the basic infrastructure necessary for sustained growth of transport and communication facilities, electric power and the like. In this, the State and the public sector will have a key role to play.

To work out a comprehensive plan of development which takes into account the long-term needs of growth is primarily the function of the State, which must guide development along socially desirable channels by devising policies that will encourage the whole citizenry to undertake a creative and disciplined effort and inculcate in them a sense of social responsibility. (79)

The Conference also discussed the impact of the rapid increase in population. The world and the Church must consider realistically the fact that for the year 2000 the world population is projected at from 5,500 to 7,500 million, depending on how effectively birth rates are reduced. The problem of feeding and employing these people must be faced. In some countries, particularly in Asia, it is difficult to envisage economic progress without a reduction in mounting pressures of population. The very real spectre of hunger and of the waste of human resources is ever present (72).

### **International economic relations**

The Conference was faced with the fact that the gap between the average per capita income in most developing countries and that in industrialised countries, far from narrowing, is becoming wider, and it considered that if this trend is not corrected and reversed, the very peace and stability of the world will be threatened (209). The debate on this issue and its implications was described as opening the first major world ecumenical consideration of the problem of international social justice (31). In addition, the distribution of wealth within countries remains very unequal. Good stewardship requires a better distribution of the growing production (91).

Technological progress gives mankind the possibility of eradicating want and misery from the face of the earth. If it is to do this, growth of power must be matched by growth of responsibility. Increasingly national economic policies have been geared to growth with social justice. The challenge of our times is to extend this understanding to the world community. All our fine phrases about "human solidarity", "one world", etc., sound hollow in the face of increasing international inequalities. If contemporary economic and social policies are failing to arrest this tendency, they must be radically altered. . . . All nations, particularly those endowed with great economic power, must move beyond limited self-interest and see their responsibility in a world perspective. The Church must say clearly and unequivocally that there is a moral imperative behind international economic co-operation. (80)

It was, however, recognised that these were highly complex questions on which further detailed study was needed.

Whatever the responsibilities of the more powerful nations, the self-respect of developing nations demands that development be seen as a joint or co-operative effort based on mutual interest rather than paternalism or charity. Since the scale of production of the richer nations is such that they require the markets of other nations as outlets for their products, both sides benefit from progress in development (138-139).

One of the ways in which help can best be given is to make markets available for the products of developing countries. This involves the rationalisation of tariff structures so that the bias against the growth of processing industries in the underdeveloped countries is removed and artificial hindrances to their exports are eliminated. Under international



supervision, special help in securing markets should be given to the least developed countries (82-85). Reference was also made to the use of national pressures or restraints upon trade as a weapon of ideological warfare, which was considered as a deplorable denial of the rights of neighbours and of human brotherhood (139).

Following on the discussion of the choice of technology suitable to different economies, it was argued that the establishment of suitable markets for developing countries involves the deliberate transfer of industries which are non-capital-intensive and non-technology-intensive to countries with insufficient capital but abundant manpower, and the acceptance of the problems involved in the fundamental restructuring of economies in the developed countries which that entails. The most crucial question is whether the developed countries are prepared to help the poor countries by undertaking these changes (85). Therefore churches should both study and support action to improve international trade patterns and practices so as to widen the opportunities for every nation, on a basis fair to all (151).

As regards capital investment, countries wishing to strengthen the role of foreign private investment in economic development should co-operate with each other and with the World Bank (or its associated agencies) in establishing certain rules and institutions of international procedure by which such transactions could be governed. These would include arbitration agreements, guarantee funds to cover non-commercial risks, and codes of behaviour for investors and governments. While no undue burden should be laid upon the governments of developing countries, they should take an active part in the formulation and implementation of these elements of international law. The host country should have enough control to safeguard itself against economic or political domination by foreign capital. This implies a decisive voice in determining priorities for investment in accordance with its development needs (85).

The problem of the price fluctuations of raw materials and their impact on terms of trade was also discussed by the Conference. It was suggested that in the case of certain commodities the solution may call for international agreements on prices and output, carried out under the authority of world organisations. In other situations, compensatory payments or the establishment of world commodity marketing boards might be preferable (85). Therefore Christians should both study and support action at the national and international levels in order to arrive at effective international commodity agreements (151).

In some cases, and in the longer run, markets for an individual developing country may be widened by its association with other developing countries in regional trade groups, and by the efficient co-ordination of their economic programmes. This should lead to regional specialisation and, by encouraging inter-regional division of labour, should bring about a more economical distribution of scarce resources (86).

The restructuring of economic relations and trade patterns in order to bring them into closer alignment with the political realities of the world will require the close co-operation of all countries. Regional and eventually world-wide agreements, planning and organisation will require the gradual imposition of supranational approaches upon national efforts (81). These might include the adoption of an indicative world economic plan which would have the same objects and effects on a world scale as the regional specialisation and co-ordination mentioned above (86). In particular, the food problem can only be solved on a global scale, with the full use of all human and technical skills (74).

A particular aspect of international social and economic relations is that relating to migrant workers. The Conference considered that there needs to be developed between countries of emigration and immigration such planning as will serve the purpose of both countries and the people involved, drawing special attention to the obligations of those industrialised countries which use the raw materials of countries with high populations and underemployment (177). Further action is needed at world level, and the World Council of Churches is urged to help to find, through either the United Nations or other world bodies, a method for further liaison between nations (177).

Much international migration tends to be short-term rather than permanent. Both types deserve the attention of the Church. Additional efforts should be made to decrease the difficulties involved in international migration, and towards better organisation and co-ordination. While some States have liberalised their laws, many barriers remain. Churches should continue to work for the elimination particularly of those based on race or nationality, and should encourage migration to underpopulated areas which could support more people. In all national or international migration and resettlement, they should promote humane policies, be concerned for the welfare of the persons involved, and assist them to become integrated and productive members of their new communities according to their capacities. A special responsibility rests upon governments, business and the general community in those industrialised areas to which large numbers of labourers from poorer countries or areas migrate in pursuit of higher wages. Many are separated from their families and face severe social problems. Housing tends to be poor and expensive, and laws may discourage the settlement of families. Christians should make every effort to help these people in their new environment, even if it is a temporary one (74).

### **Technical co-operation**

“ Christians should arouse the conscience of all men to a recognition of their human solidarity and their obligation to support the increase of development assistance ” (151). There was a good deal of discussion as



to the extent of the increase which was deemed necessary. The United Nations had proposed that 1 per cent. of the gross national product of the affluent countries should be transferred to developing countries, but in 1964 the level actually transferred was no more than 0.66 per cent., about half of which on average was cancelled out by payments made for financial services received from developed countries (17). A proposal made by the Swiss Protestant Churches suggested a level of 3 per cent., but there was some opposition in the Conference to fixing any particular level. However, the Conference finally recommended—

That the World Council of Churches take immediate and effective steps towards . . . helping churches in the affluent societies to quicken the conscience of their nations to increase their efforts for international aid up to a target of at least 2 per cent. of the gross national product and to improve the existing trade systems and capital investments so that they are more conducive to economic growth and justice in developing nations. (210)

It was also thought that the doubling of assistance would begin to make it adequate for the world's present needs. The transfer of resources should not impose undue burdens on the recipients, and should be made on terms which support creative development and social justice. This aid must be disinterested, in the sense that it should never be used to further the donor's ideological or selfish interests. It should be given only where there is a real possibility for regional and national development, but the enforcement of such conditions is more properly a function of a regional or international institution than of a donor country (151).

A special field in which it is urgent to expand assistance is that relating to food.

It is estimated that the world's food supply must be increased fourfold in the next three decades if people are to have a modestly adequate diet. The churches must insist that food is a resource which belongs to God, and must be made available to all His children. . . . It is important to work towards international food arrangements to which producing nations can contribute on a planned basis and from which food-short nations can draw. Such food should preferably be made available in exchange for services rendered, for then the economy of the nation will be strengthened and the self-respect of the recipients preserved. The Freedom from Hunger Campaign, the World Food Programme, and other such attacks on the food problem must be given full support. (74)

The Conference was in favour of a higher proportion of assistance being given on a multilateral basis.

Although a very large part of economic co-operation and assistance is of a bilateral nature, the important role of international organisations must be stressed. Their structure permits more real discussion between "donors" and "recipients"; they run less danger of promoting unilateral interests, and for many they are a symbol of the emerging world-society. (75-76)

In order to avoid dependence and achieve interdependence, under-developed nations should direct their efforts to the internationalisation of channels of aid for their economic development and the strengthening

of such international organisations (for example the United Nations) as may be able to design, co-ordinate and implement a world policy of development (110).

There was some examination of the difficulties which sometimes arise in connection with bilateral aid.

The resources made available are largely administered bilaterally, and while generally helpful, they do permit and sometimes encourage intervention in the affairs of developing countries. Nations and individuals sometimes use their power in a way which encourages corruption in other lands, through bribery, evil propaganda, secret intelligence, or military influence and *coups d'état*. This destroys the moral fibre of both countries, prevents development and progress towards justice, and dangerously increases suspicion. (137-138)

Advice on the handling of technical co-operation was also given. Technical assistance, while necessary and welcome, has not always given sufficient attention to the training of counterparts who can carry forward the activity, nor to the training of middle-level manpower. It has not always been provided by men able and willing to listen and learn, rather than just to talk and tell, nor by persons sensitive to the consequences of their life and consumption patterns upon host communities. The spirit in which technical assistance is given and the co-operation of the host country are fully as important as its amount (138).

As regards the choice of projects, it was pointed out that highly capital-intensive projects with high foreign exchange costs (sometimes welcomed by politicians in developing countries for reasons of prestige) are undertaken where the greater need may be for a complex of small, unglamorous agricultural and processing projects in which foreign exchange costs are small (82). Wherever possible grants should replace loans, international aid should replace tied aid, and the type of technical assistance and project aid should reflect more accurately the real needs of the developing countries (84).

As regards the distribution of aid, it was recommended that an international survey to establish priorities for the needs of developing countries should be undertaken under the auspices of the United Nations (84).

The need for longer-term planning was also emphasised. The transfer of capital and skill through governmental channels must be considered as a long-term process, and more formal medium- or long-term arrangements and commitments are becoming increasingly necessary for the operation of international agencies and the carrying out of development programmes. Eventually these may lead to an "international budget" and "international taxation" (75).

### **Support for international organisations**

The Conference made frequent references to the need for a review of the international organisations and the establishment of a world order, in both the economic and political fields.

The churches have “ the duty to preserve the life of the peoples of this world, and to work for a world order which will transcend the present uneasy peace of the equilibrium of power. It is intolerable for the peace of the world to depend on a precarious nuclear balance ” (146). This involves creating new instruments of a responsible international community. It calls for new thought concerning Christian attitudes to the State and war, the relations among States, the demands of economic and social justice in and between States and the development of international ethos, law and structures by which the international anarchy can be supplanted by justice and order (146).

In the economic field, peoples can only exercise their power in international affairs by co-operating closely in international institutions competent to raise international revenues for the administration of development and the achievement of social and economic justice, to deal effectively with international abuses of power by individuals, corporations, or nations, to administer international commodity agreements, etc. (151). As a result of technological progress, in the long run the unity of the modern world will require international institutions to facilitate technical planning on a world scale. The costs of many modern technological programmes are too high to be borne by single nations, especially the smaller ones (193).

For these reasons, the Conference urged the World Council of Churches to undertake a study with special reference to “ the development of regional and world-wide institutions to co-ordinate national and international efforts for the promotion of economic and social justice ” and “ the possibilities of instituting a system of international taxation for world development ” (92).

It was felt that the United Nations is the best structure now available through which to pursue the goals of international peace and justice. Like all institutions, it is not sacrosanct, and many changes in its Charter are necessary to meet the needs of the world today. Nevertheless, the Conference called upon the churches of the world to defend it against all attacks which would weaken or destroy it, and to seek out and advocate ways in which it can be transformed into an instrument fully capable of ensuring the peace and guaranteeing justice on a world-wide scale (149). The churches should urge their governments to make full use of the United Nations machinery in the promotion of dynamic justice (131). The Conference added, however, that “ unfortunately all the established powers lack imagination in this field ” (131).

There should also be support for action to help to create appropriate regional institutions where they do not exist (151). Such organisations may bring about solutions of economic and technical problems which national States cannot solve single-handed. They can assist smaller nations in playing their appropriate role in international society and in co-operating with the great powers, without imposing on them an intoler-



erable domination. At the same time regional institutions can be a guarantee against national chauvinism and the pursuit of national aims by means of force (149).

There is, however, need for closer co-operation among various international organisations. This must be extended to non-governmental organisations, including in particular the churches themselves. Although sometimes voluntary agencies in a receiving nation are under suspicion as a symbol or source of undesirable foreign intervention, in most cases this attitude can be overcome if the agency becomes as indigenous as possible, co-operates with the authorities, and conducts its work with the highest standards of effectiveness and probity (76).

The World Council of Churches should make common cause with other international bodies in developing more just international economic structures and relationships (210).

### **Some related issues**

It is not proposed here to cover the wide range of problems of an ethical or theological nature which constituted some of the major pre-occupations of the Conference. There are, however, two issues which are closely related to matters of concern to the International Labour Organisation, namely the maintenance of peace, and the extent of the legitimate action of the citizen against the State in the defence of social justice.

The relationship of the promotion of social and economic justice to the maintenance of peace has already been referred to. The Conference made it clear that, in its opinion, the nuclear powers should respect the independence of the smaller nations and their decisions regarding alignment and non-alignment. Furthermore, peace in the international order is related to the economic and social changes taking place in the newly emerged States. Therefore the major nuclear powers are under obligation not to prevent, through their intervention, the occurrence of the necessary changes, not to give undue primacy to their own interest in stability, and not to interpret events in terms of their own ideological preoccupations (147). The threat of nuclear war cast a shadow over many of the deliberations of the Conference. While affirming that it is the first duty of governments and their officials to prevent nuclear war (146), the Conference was anxious to allay any anxiety on the score of disarmament having serious economic repercussions.

The fear that disarmament would produce a depression need not cause peoples and governments to hesitate to take those steps towards disarmament which are politically feasible. There is wide agreement among economists that disarmament can be achieved with considerable economic benefit (quite apart from the major political and human blessings which it would bring), provided the transition is well managed with the political and economic skills now available, and due attention is paid to the human problems of readjustment. A reduction of expenditure on armaments would enable many countries to increase their aid to developing countries. Christians should



insist that resources thus released should, where possible, be devoted to this end. The churches must play a livelier role in educating public opinion about the realities of this situation. (59-60)

Another issue which gave rise to considerable controversy was the position of the citizen in regard to a government which is abusing its authority. This issue is fundamental to the defence of human rights and the improvement of conditions of work.

The Conference took the line that States are human institutions that should exist for the well-being of people (117). The State is responsible to God and men for its exercise of power. It has the function of serving all its citizens. This includes the obligation to make provision for free discussion and criticism (117). Human law is an achievement of men that may be an instrument of justice. It must always have a protective and productive function, aim at justice for all men, be open to change, and bring about responsible participation of those affected by it. "When law represents arbitrary state power, men may on occasion have a right and duty to disobey it" (118). The Christians' participation in political life for the purpose of seeking the welfare of men involves the challenging of all unjust systems and opposition to all vested interests which oppress men (115).

### **Future action**

The Conference issued a call to action, and the World Council of Churches was asked to address a strong appeal to all the churches stressing the urgency of taking the necessary action to achieve the aims referred to in brief in other sections of this article, especially those of an economic and social character; the usefulness of close co-operation among Christians of all confessions and among them and other religious and non-religious groups, down to the parish level, in order to inform and educate public opinion; and the necessity of continuous action to these ends by churches, directed to their governments and the political, social and economic groupings in their nations (93).

The World Council of Churches was also urged "to seek to initiate an informal dialogue with Marxists, on an international basis, in each region of the world", as also with right-wing ideologists (206). The churches should take fuller advantage of the opportunities for real international encounter provided by the many hundreds of thousands of people, including students, who are involved in the various international co-operation programmes (76).

It has been pointed out at the beginning of this article that the suggestions made by the Conference on Church and Society are directed to the various churches and the general public and do not necessarily represent the views of the churches. The opportunity for the non-Catholic churches to express their views in a more formal manner may perhaps

arise at the next Assembly of the World Council of Churches, which it is proposed to hold in Uppsala, Sweden, in 1968. It is to be hoped that in the meantime the various issues raised will be the subject of consideration and discussion at all levels. It will have been seen that many of the suggestions made are very much in line with the objectives and policies of the International Labour Organisation, and in particular with those set out in the Declaration of Philadelphia and the Conventions on basic human rights, as well as with the objectives pursued by the United Nations Development Programme. It is therefore highly desirable that all those concerned with these policies, whether they be government officials, members of employers' or workers' organisations, persons engaged in promoting or carrying out international programmes or in teaching, or others, will take every reasonable opportunity to promote discussion on the numerous topics raised by the Conference on Church and Society and take their full share in these discussions and in educating public opinion on the many vital issues referred to above.

There is, in endeavours to solve the world's social and economic problems, room for the collaboration of all. As the Conference pointed out, "in every circumstance, the Christian is called actively to seek reconciliation where there is tension, justice where there is injustice, freedom where there is bondage, and opportunity where this is denied" (135).

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# Statutory Minimum Wage Fixing in Tanganyika

D. CHESWORTH <sup>1</sup>

A STATUTORY system of minimum wage fixing was introduced throughout Tanganyika on 1 January 1963, following the acceptance in the main by the Government of the unanimous recommendations of a tripartite minimum wages board.<sup>2</sup>

At an early stage in its work this board had been clearly informed by the Minister of Labour that the Government appreciated that any immediate rise in wages would lead to redundancy. This was acceptable to the Government as being in accordance with its policy that there should be a smaller number of workers in paid employment earning a comparatively higher wage, rather than a greater number employed at a lower wage. In its report the board described this statement of government policy as having been an important contributory factor in its unanimous decision to recommend that minimum wages should be introduced at a level substantially higher than the then general level of wages, and in its agreement that a "bachelor" wage was socially and economically undesirable. Its position was summarised in the statement that "in the conditions of Tanganyika higher minimum wages will lead to redundancy, but that the smaller labour force will be much more settled and efficient, and that families of urban wage earners will be able much more easily to live together as family units".<sup>3</sup>

These views harmonise with those put forward in the immediately preceding years from various quarters. The United Nations Visiting Mission to Trust Territories in East Africa in 1954 concluded that there would be "cause for concern about the situation of wage labour in the Territory as long as it remains so unstable in character", urged that "the

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<sup>1</sup> International Labour Office; former Chairman of the Territorial Minimum Wages Board, Tanganyika.

<sup>2</sup> *Report of the Territorial Minimum Wages Board* (Dar es Salaam, Government Printer, 1962). Tanganyika was united with Zanzibar to form the United Republic of Tanzania in April 1964, but the two territories have separate labour legislation, and the statutory wages referred to here apply exclusively to Tanganyika.

<sup>3</sup> *Ibid.*, paras. 11, 32 and 91.



Government should take steps to bring about a continued and substantial rise in wages", and proposed that "the minimum wage boards and councils already provided for by law should be established without delay".<sup>1</sup> The East Africa Royal Commission (1953-55) adopted similar propositions put forward by the Committee on African Wages in Kenya (known as the Carpenter Committee). It declared: "Having regard to our acceptance of the paramount need to create a settled African labour force and eliminate or reduce the dependence of industry upon migratory African labour, we cannot hesitate to endorse the broad line of policy outlined by the Carpenter Committee", and it recommended for Tanganyika the creation of a national minimum wage, with area differentials, and wages councils to recommend legal minimum wages for workers at different grades.<sup>2</sup>

On the basis of the Territorial Minimum Wages Board's report the Minister of Labour made, in December 1962, a wage order which prescribed minimum monthly rates for adult workers as follows:

- (a) persons employed in the Dar es Salaam and Tanga urban areas who are neither housed nor rationed: 150s. per month;
- (b) persons employed in 18 main townships who are neither housed nor rationed: 125s. per month; and
- (c) persons employed in all other areas: 100s. per month (in this category a reduced rate is payable if rations at the prescribed government scale are issued free, but no deduction is permissible in respect of housing).

Lower rates were prescribed for those between 15 and 18 years and for those under 15. The order also prescribed hourly, daily, weekly and fortnightly rates. Reduced rates were laid down when housing of an approved standard is provided in the urban areas of Dar es Salaam and Tanga and the 18 townships listed in the order. A reduced rate is also prescribed when free rations are issued at a scale laid down by government regulation.

Excluded from the operation of the order were: (a) the non-plantation agricultural industry; (b) the tea industry; (c) the gold-mining industry; and (d) famine relief work organised by the Government.<sup>3</sup> Other boards were set up to make recommendations in respect of the first three categories, but the resultant wage order did not take effect until 1 June 1965, and its consequences are not examined here.

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<sup>1</sup> United Nations Visiting Mission to Trust Territories in East Africa, 1954: *Report on Tanganyika, together with related documents*, Trusteeship Council, Official Records: 15th Session, Supplement No. 3 (New York, 1955), paras. 634-640.

<sup>2</sup> *Report of the Committee on African Wages* (Nairobi, Government Printer, 1954), para. 184, and *Royal Commission on East Africa, 1953-1955: Report* (London, H.M. Stationery Office, 1955), pp. 158 and 160.

<sup>3</sup> Wage Regulation Order, 1962 (published 21 Dec. 1962).



It is not the purpose of the present article to discuss the general wisdom of the policy outlined above, but rather to investigate the extent to which the intended results actually took place. For this purpose we shall examine successively the effects of the Wage Regulation Order on the earnings of employed persons, on the level of employment in various sectors, on the total wage bill, and on productivity and costs of production. First, however, it may be useful to summarise the available information on the size and distribution of the labour force and also to indicate the different employment series, with some comment on their coverage and comparability.

### **Labour force and employment statistics**

The first comprehensive picture of the labour scene is given in an unpublished survey produced for the Ministry of Economic Affairs and Development Planning by Robert Ray (the Ray Survey), giving estimates of the position at 31 March 1965.<sup>1</sup> Although the present article is primarily concerned with the period 1962-63, for reasons explained below the conclusions of this survey give a useful general impression of the characteristics of the labour force.

The Ray Survey was the first national inquiry in tropical Africa based on sample household interviews (urban 1.25 per cent., rural 0.45 per cent.) of the whole population.

The estimated total population on 31 March 1965 is given as 10,248,000 (male: 5,127,000; female: 5,121,000), of which the rural population accounted for 9,783,000 (4,889,000 and 4,894,000) and the urban population for 465,000 (238,000 and 227,000).

On this basis, the total labour force is estimated at 3,805,000 or 67 per cent. of the population aged 14 and over. The number of wage earners and the proportion they represent of the total labour force, according to the Ray Survey and the labour enumeration, are shown in table I.

The difference between these two estimates of those working for wages can, according to the Tanzanian Government Statistician, be reconciled by the definitions used: "In the labour enumeration of employees, wage earners exclude domestic servants employed in private households and all wage earners employed in peasant farming, e.g. cotton picking. On the other hand, Ray's labour force survey included all categories of wage earners without exception."<sup>2</sup>

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<sup>1</sup> Ministry of Economic Affairs and Development Planning, United Republic of Tanzania: *Labour force survey of Tanzania*, prepared by Robert S. RAY, Consultant to the Government of the United Republic of Tanzania for the Ford Foundation (mimeographed, Jan. 1966).

<sup>2</sup> Letter from Government Statistician, 29 June 1966.

TABLE I. ESTIMATED LABOUR FORCE AND NUMBERS OF EMPLOYEES WORKING FOR WAGES, 1965

Category	Male	Female	Total
<b>Total labour force . . . . .</b>	<b>2 189 000</b>	<b>1 616 000</b>	<b>3 805 000</b>
<i>Employees covered by the labour enumeration:</i>			
Number . . . . .	310 091	23 664	333 755
Percentage of total labour force . . .	14.2	1.5	8.8
<i>Employees covered by the Ray Survey:</i>			
Number . . . . .	670 000	70 000	740 000
Percentage of total labour force . . .	30.6	4.3	19.4

Source: Central Statistical Bureau: *Employment and earnings in Tanganyika, 1965* (Dar es Salaam, 1966), Appendix I, and *Labour force survey of Tanzania*, op. cit.

Unfortunately, the Ray Survey did not include any breakdown of rural wage earners into categories of employment. This was, however, done with wage earners in urban areas, thus making comparison possible with the figures of the labour enumeration. According to the Government Statistician the figures of the former are lower than those of the latter for categories of workers covered in both series, with the presumption that the Ray Survey has underestimated urban employment.<sup>1</sup> Some of the additional wage earners covered by Ray but not included in the labour enumeration, such as domestic servants, will have been in regular employment. A great deal of seasonal work is undertaken by large numbers of workers mainly based on their rural homes. The Ray Survey of course only covers those employed at the end of March.

Despite the difficulties in confirming these figures, they provide the best over-all picture of the labour force in 1965. Although there will have been some changes since 1962-63, the pattern of most workers being engaged in subsistence and cash crop economies and only a small fraction participating in wage-earning employment will have been as true then as in 1965. There will most certainly have been some reduction in the numbers working for wages covered by the labour enumeration, but very possibly an increase in the numbers working for wages employed by "emergent farmers" and covered by the Ray Survey.

### Effects of the Wage Regulation Order, 1962

To discover the effects of the introduction of statutory minimum wages it is necessary to examine the available information about the earnings of workers in employment, the numbers employed, the total

<sup>1</sup> Ibid.

wage bill, and productivity and costs of production per unit, before and after the coming into force of the Wage Regulation Order on 1 January 1963.

### **Statistical limitations and the scope of the evaluation**

The main source of information is *Employment and earnings in Tanganyika*, published annually some ten months following the survey of employment and earnings undertaken each year by the Central Statistical Bureau during the month of June. Persons employed in peasant farming, as domestic servants or in the armed forces are not included. Members of producer and other co-operative societies are only included if in receipt of a regular cash wage. Annual earnings statistics are produced by multiplying the June figures by 12. There is no means of knowing whether June is, either in general or particular years, an average month. Events in a particular June may easily affect the comparability of the annual statistics. Some important industries cannot offer employment throughout the year, but seasonal employment not taking place in June does not get included in the annual statistics. For instance tea picking takes place mainly in the six-monthly period between September and February, and the cotton-ginning industry employs four times as many workers at its peak as in June.

According to the Central Statistical Bureau "over 90 per cent. of the employers in private industry covered by the scope of the survey are enumerated. Public services were enumerated through their respective Ministries or administrations. The public sector therefore has a complete coverage of establishments, and employment figures have been checked against available data."<sup>1</sup> The significance to be attached to various aspects of the annual enumeration are discussed later in this article.

However, although it has to be constantly borne in mind that a large number of those working for wages are not covered by the labour enumeration, it remains true that the enumeration does include those working for expatriate (European and Asian) employers, and larger employers generally, as well as those employed by government or semi-governmental bodies. It is in these sectors that statutory wage fixing would be the most effective (because of easier enforcement, among other reasons) and in respect of which the available figures are worth particular study.

In considering the effects of the Wage Regulation Order it would certainly have been valuable to make a detailed examination over a period of years, but this presents difficulties. The basis for the enumeration changed in 1961, so that direct comparison cannot profitably be made between the pre-1961 enumerations, and those undertaken sub-

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<sup>1</sup> Central Statistical Bureau: *Employment and earnings in Tanganyika, 1965* (Dar es Salaam, 1966), paras. 11 and 12.



sequently.<sup>1</sup> As far as 1961 is concerned the first estimate, published in *Employment and earnings . . . 1961*, was 429,539 workers; in *Employment and earnings . . . 1962* this figure was revised to 401,800; and a third and final estimate of 411,538 appeared in *Employment and earnings . . . 1963*, due to an improved method of covering the public sector started in 1963. Only the 1961 revised total has been published, and not the revised industrial breakdown.

It is therefore not possible to make worthwhile comparisons between the statistics published from 1962 onwards and those available for the earlier period.

Moreover, the annual wage bill in 1964 and the following years increased substantially for various reasons unconnected with the Wage Regulation Order, notably extensive collective bargaining actively encouraged by the Minister of Labour.<sup>2</sup>

Consequently the figures for the years 1964 onwards do not lend themselves to our purposes and the evaluation in this article has for the most part necessarily to be confined to the two years 1962 and 1963.

### Effects on earnings of workers in employment

As was of course to be expected following the coming into effect of the Wage Regulation Order, there was a considerable increase in both average and median earnings of workers covered by the labour enumeration. The position with regard to average earnings of African males in 1963 as compared with 1962 is shown in the table II.

Average earnings, though often quoted, tend to distort the position; median earnings, on the other hand, are not affected by the extreme ends of the distribution (i.e. the high salaries of senior staff or the low wages of casual workers) and give a more accurate impression of the position of average regular workers. Both, however, relate to cash earnings and do not include the value of free rations, provided mainly in the private sector of agriculture and estimated at £448,000 in 1962 and £202,000 in 1963. To this extent the earnings figures will tend to have overstated the percentage increase in real earnings and in the real cost of employing labour.

<sup>1</sup> Ministry of Health and Labour: *Annual report of the Labour Division, 1961* (Dar es Salaam, 1962), para. 14.

<sup>2</sup> This is reflected in the following figures compiled from various editions of *Employment and earnings . . .*:

Year	Total wage bill (thousands of pounds)	Numbers employed
1962 . . . . .	42 178	397 028
1963 . . . . .	45 976	340 344
1964 . . . . .	48 757	351 257
1965 . . . . .	53 576	333 755

Note that the Wage Regulation Order took effect on 1 January 1963.

## Minimum Wage Fixing in Tanganyika

TABLE II. PERCENTAGE INCREASE IN AVERAGE EARNINGS OF AFRICAN MALES, BY BRANCH OF ACTIVITY, IN THE PRIVATE AND PUBLIC SECTORS, 1962 TO 1963

Branch of activity	Private sector	Public sector	Combined increase
Agriculture and forestry . . . . .	40.0	24.5	39.1
Mining and quarrying . . . . .	21.4	7.2	20.8
Manufacturing . . . . .	16.1	10.7	15.0
Construction . . . . .	29.9	57.5	45.7
Electricity and water . . . . .	18.4	29.8	27.6
Commerce . . . . .	30.7	—	30.7
Transport and communications . . . . .	20.4	—	6.9
Services . . . . .	37.4	26.9	29.8
<b>All branches . . . . .</b>	<b>35.8</b>	<b>28.6</b>	<b>33.1</b>

Source: Central Statistical Bureau: *Employment and earnings in Tanganyika, 1963* (Dar es Salaam), table 13.

Median and average earnings in each branch of the private sector are shown in table III.

TABLE III. AVERAGE AND MEDIAN MONTHLY CASH EARNINGS OF AFRICAN ADULT MALES IN THE PRIVATE SECTOR, BY BRANCH, 1962 AND 1963

Branch of activity	Average cash earnings			Median cash earnings		
	In shillings		1963 index (1962=100)	In shillings		1963 index (1962=100)
	1962	1963		1962	1963	
Agriculture and forestry . . . . .	80	112	140.0	94	119	126.6
Mining and quarrying . . . . .	141	171	121.3	108	126	115.6
Manufacturing . . . . .	149	167	112.1	118	156	132.2
Construction . . . . .	127	165	129.9	112	143	127.7
Electricity and water . . . . .	139	193	138.8	—	171	—
Commerce . . . . .	153	200	130.7	117	158	135.0
Transport and communications . . . . .	230	277	120.9	—	236	—
Services . . . . .	171	235	137.4	—	182	—

Source: Central Statistical Bureau: *Employment and earnings in Tanganyika, 1964* (Dar es Salaam), table 13.

It will be seen that while most of the percentages in the third column are identical, or very nearly so, with those in the first column of table II, derived from the corresponding source for 1963, there are unexplained discrepancies in the cases of manufacturing, and of electricity and water.

The over-all position for both average and median earnings is shown in table IV.

TABLE IV. AVERAGE AND MEDIAN EARNINGS OF AFRICAN ADULT MALES IN THE PRIVATE AND PUBLIC SECTORS,<sup>1</sup> 1962 AND 1963

Sector	Shillings per month		1963 index (1962 = 100)
	1962	1963	
<i>Private :</i>			
Average earnings . . . . .	106	143	133.9
Median earnings . . . . .	97	127	130.9
<i>Public :</i>			
Average earnings . . . . .	168	216	127.8
Median earnings . . . . .	119	156	131.1
<i>Both sectors :</i>			
Average earnings . . . . .	124	165	133.1
Median earnings . . . . .	99	133	134.3

Source: *Employment and earnings . . . 1965*, op. cit., table 5.

In view of the importance of the agricultural industry, which engaged more than half of all the workers in the private sector, a breakdown showing average cash earnings of African adult males in the four major wage-earning agricultural crop industries is given in table V.

TABLE V. AVERAGE CASH EARNINGS OF AFRICAN ADULT MALES IN PLANTATION AGRICULTURE

Crop	Shillings per month		1963 index (1962 = 100)
	1962	1963	
Sisal . . . . .	83	124	149.4
Tea . . . . .	80	99	123.8
Coffee . . . . .	68	81	119.1
Sugar . . . . .	99	122	123.2

Source: *Employment and earnings . . . 1965*, op. cit., table 15.

Cotton, another of Tanzania's main crops, is not included since it is produced by peasant farmers not covered by the enumeration.

The statutory minimum wage prescribed for plantation agriculture excluding tea was 100s. per month. It is noteworthy that average earnings in the sisal<sup>1</sup> and sugar plantations were, in 1963, substantially in excess of

<sup>1</sup> Following the acceptance by the Government of the recommendations of the Minimum Wages Board but before the coming into force of the wage order, the Plantation Workers Union put forward claims for substantial increases in wages and other benefits in the sisal industry. In default of agreement an arbitration award in November 1962 expressed in monthly terms prescribed minimum wages of 127s. for cutters and certain other categories, and 100s. hillings (as in the wage order) for those engaged on "cultivation".



this minimum. The explanation for the relatively low earnings in 1963 in the coffee industry may be that many workers continued to be employed casually.

It is of interest that, although the tea industry was exempt from the operation of the Wage Regulation Order, 1962, and the negotiated agreement between the Tanganyika Tea Growers Association and the Tanganyika Plantation Workers Union, with effect from 1 January 1963, provided for an adult minimum wage of 80s. 60c., average cash earnings in practice were nevertheless very near to the statutory minimum.

To what extent did employers covered by the labour enumeration pay the minimum wages prescribed in the order? The situation is partly indicated by the median earnings in four major sectors shown in table VI.

TABLE VI. MEDIAN EARNINGS OF AFRICAN ADULT  
MALES IN FOUR MAJOR SECTORS, 1962 AND 1963  
(*shillings per month*)

Sector	1962	1963
Agriculture . . . . .	94	119
Mining and quarrying . . .	108	126
Manufacturing . . . . .	118	156
Commerce . . . . .	117	158

Source: *Employment and earnings . . . 1963*, op. cit., table 17.

It is reasonable to suppose from these figures that workers covered by the Wage Regulation Order were being paid in 1963 the minimum wages prescribed. For no part of agriculture was more than 100s. prescribed, and in fact there was no minimum prescribed for the tea industry, or for the whole of non-plantation agriculture. The general effect of the minimum wage legislation is indicated by the percentage of African adult males in different earnings groups shown in table VII.

TABLE VII. PERCENTAGE OF AFRICAN ADULT MALES  
IN DIFFERENT EARNINGS GROUPS, 1962 AND 1963

Earnings group (shillings per month)	1962	1963
Under 60 . . . . .	8.1	2.8
60- 79 . . . . .	17.6	5.4
80- 99 . . . . .	25.2	11.0
100-149 . . . . .	27.6	47.2
150-199 . . . . .	9.7	15.6
200-400 . . . . .	9.3	13.7
Over 400 . . . . .	2.5	4.3

Source: *Employment and earnings . . . 1964*, op. cit., table 8.

It is noteworthy that the proportion earning under 100s. per month declined from 51 per cent. to 19 per cent. Whereas in 1962 over 25 per cent. of adult males were receiving less than 80s. per month, in 1963 this figure is down to about 8 per cent. These workers can reasonably be supposed either not to have been covered by the order, or not, for one reason or another, to have completed a full month's work. The steady increases in the higher earnings brackets mainly result from African promotion to higher grades, which was a feature of the post-independence labour scene.<sup>1</sup>

It would seem that there was no general increase in the cost of living for African workers in the year after the introduction of statutory minimum wages. The only price index covering consumption by wage earners was for Dar es Salaam, and this showed a reduction in 1963 as compared with 1962. Of course there were considerable regional variations, but, as far as is known, between 1960 and 1964 the cost of living remained quite constant. The annual economic survey for 1966-67 comments: "There are indications that prices have begun to rise after a long period of stability, and there was some increase in the cost of living during 1965. The prices of the basic food products have remained steady, but increases have occurred in beer, textiles, cigarettes, paraffin, and petrol, mostly as a result of increased excise taxes."<sup>2</sup> The creation of a system of statutory minimum wages was not in response to increases in the cost of living, nor is there any evidence that the implementation of the Wage Regulation Order was responsible for any increase in African cost of living.

### **Effects on employment**

The numbers employed among the categories of workers covered by the labour enumeration dropped between 1962 and 1963 from 397,028 to 340,344 (i.e. to 85.7 per cent.). The corresponding drop in the private sector was from 289,824 to 245,153 (84.6 per cent.) and in the public sector from 107,204 to 95,191 (88.8 per cent.).<sup>3</sup>

A breakdown of employment in 1962 and 1963 by branches of activity in the private and public sectors is given in table VIII.

It will be seen that the fall in numbers occurred unevenly but mainly in agriculture and forestry and in construction. In part the reduction in employment in construction resulted from a reduction in building operations. Transport showed a slight increase, while services remained stationary.

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<sup>1</sup> Central Statistical Bureau: *Employment and earnings in Tanganyika, 1963* (Dar es Salaam), para. 39.

<sup>2</sup> *Background to the budget: an economic survey, 1966-67* (Dar es Salaam, Government Printer, 1966), p. 61.

<sup>3</sup> Central Statistical Bureau: *Employment and earnings in Tanganyika, 1964* (Dar es Salaam), table 11.

TABLE VIII. EMPLOYMENT BY BRANCH OF ACTIVITY IN THE PRIVATE AND PUBLIC SECTORS, 1962 AND 1963

Branch of activity	Private sector			Public sector		
	1962	1963	1963 index (1962=100)	1962	1963	1963 index (1962=100)
Agriculture and forestry . . . . .	192 924	155 506	80.6	10 921	10 026	91.8
Mining and quarrying . . . . .	8 667	7 312	84.4	97	75	77.3
Manufacturing . . . . .	22 299	21 310	95.6	1 098	902	82.1
Construction . . . . .	15 722	10 968	69.8	25 451	17 322	68.1
Electricity and water	1 817	1 840	101.3	3 061	2 040	66.6
Commerce . . . . .	16 943	16 477	97.2			
Transport and communications .	8 802	8 927	101.4	15 517	15 482	99.8
Services . . . . .	22 650	22 813	100.7	51 059	49 344	96.6
All branches . . . . .	289 824	245 153	84.6	107 204	95 191	88.8

Source: *Employment and earnings . . . 1964*, op. cit., table 10.

Changes in the level of employment in the four major agricultural crop industries employing wage earners are given in table IX.

TABLE IX. EMPLOYMENT IN PLANTATION AGRICULTURE IN THE PRIVATE SECTOR, 1962 AND 1963

Crop	1962	1963	1963 index (1962=100)
Sisal . . . . .	117 898	94 537	79.5
Tea . . . . .	19 239	14 900	77.4
Coffee . . . . .	15 958	12 713	79.7
Sugar . . . . .	8 704	8 275	95.1

Source: *Employment and earnings . . . 1964*, op. cit., table 14.

For these four plantation industries taken together, numbers employed in 1963 were 81 per cent. and in 1964 82 per cent. of the numbers in 1962.

As mentioned earlier the annual employment figures drawn from the June labour enumerations must be treated with caution. This is illustrated by the figures for adult African males employed in the sisal industry. It is possible to make a comparison between the labour enumeration figures and those published by the Tanganyika Sisal Growers Asso-



ciation: the former show a drop in 1963 to 84.2 per cent. of the 1962 level (from 103,584 to 87,225), whereas the latter indicate a drop only to 86.2 per cent. (from 96,204 to 82,908).<sup>1</sup>

Two conclusions can be drawn: in June additional casual workers are employed; and the decline in employment may be somewhat less than the labour enumeration figures indicate, but the order of magnitude is very much the same.

Other information showing changes in the employment pattern in the sisal industry is given in table X.

TABLE X. CHANGES IN AVERAGE EMPLOYMENT IN THE SISAL INDUSTRY, 1962 TO 1964

Year	Total employment		Local males		Non-local males		Employed dependants	
	No.	Index	No.	Index	No.	Index	No.	Index
1962. .	109 641	100	80 152	100	16 052	100	13 437	100
1963. .	87 933	80.2	70 000	87.3	12 908	80.4	5 025	37.4
1964. .	83 049	75.7	69 978	87.3	10 307	64.2	2 764	20.6

Source: Tanganyika Sisal Growers Association: *Annual report, 1963-1964*.

Again these are average figures of those employed, and consequently different from those published in the annual labour enumerations. Table X clearly shows that the reduction in labour in 1963 was primarily amongst the wives and children of male adult workers, and in labour coming under the auspices of the Tanganyika Sisal Growers Association from long distances. Some of the labour described as "local" will in fact have come considerable distances, but will have been recruited locally by estates. These average figures will have included some casual workers, and it is likely that these were reduced in 1963 as compared with 1962.

It is also possible to judge the effect on the employment of women and young persons from the reduction of the numbers employed in the other plantation industries, following the coming into effect of statutory minimum wages at the beginning of 1963. The results are shown in table XI.

As in the case of sisal these reductions were dramatic. It is likely that one factor was the provision of the Wage Regulation Order that the minimum wages laid down were equally applicable to women. In all cases the reduction in numbers employed is much greater than was the case of adult males, and remarkably so in the case of sugar. Part of the explanation for the decline may have been that as general redundancy

<sup>1</sup> Tanganyika Sisal Growers Association: *Annual report, 1963-1964*, table S.

## Minimum Wage Fixing in Tanganyika

TABLE XI. EMPLOYMENT OF WOMEN AND YOUNG  
PERSONS IN THREE AGRICULTURAL INDUSTRIES,  
1962 AND 1963

Crop	1962	1963	1963 index (1962=100)
Tea. . . . .	4 650	2 920	62.8
Coffee . . . . .	4 322	2 984	69.0
Sugar . . . . .	4 947	697	14.1

Source: Central Statistical Bureau: *Employment and earnings in Tanganyika, 1962* (Dar es Salaam), and *ibid.*, 1963.

was considerable, it was felt appropriate that women and young persons should be amongst the first to be made redundant in the interests of other workers with family responsibilities. Most of the coffee workers will have been engaged on a part-time basis.

A further breakdown of employment in the various branches of manufacturing is shown in table XII.

TABLE XII. EMPLOYMENT IN MANUFACTURING, BY BRANCHES, 1962 AND 1963

Branch	1962	1963	1963 index (1962=100)
Food, drink and tobacco . . . . .	4 099	4 311	105.2
Cotton ginning and textiles . . . . .	3 680	3 800	103.3
Sawmilling and carpentry . . . . .	4 591	3 733	81.3
Grain, oilseed milling and soap . . . . .	2 991	2 943	98.4
Motor vehicle repairs and engineering . .	4 656	4 175	89.7
Miscellaneous . . . . .	3 380	3 250	96.2
All branches . . . . .	23 397	22 212	94.9

Source: *Employment and earnings . . . 1964*, op. cit., table 16.

Although the fall is significant in the manufacturing division it is much smaller than in agriculture. In the case of food, drink and tobacco, and cotton ginning and textiles there were, according to the statistics, small increases in the numbers working for wages.

As regards the effects of the Wage Regulation Order on the regional pattern of employment, table XIII gives figures for employment in the seven economic zones and the three major urban areas.

It is, of course, important that there was no significant reduction in the number of wage earners in the three urban centres and that in the case of Dar es Salaam an increase was recorded. The major reductions came in zones like Tanga (mainly in the region rather than in the town), where sisal and other agricultural industries predominate.

TABLE XIII. EMPLOYMENT BY ECONOMIC ZONE AND IN THREE MAJOR URBAN AREAS, 1962 AND 1963

Zone	1962	1963	1963 index (1962=100)
<i>Zone 1:</i>			
Dar es Salaam . . . . .	42 894	43 958	102.5
Coast and Morogoro . . . . .	59 170	49 180	83.1
<i>Zone 2:</i>			
Tanga . . . . .	105 902	80 173	75.7
Arusha and Kilimanjaro . . . . .	62 097	55 552	89.5
<i>Zone 3:</i>			
Mtwara and Ruvumu . . . . .	26 007	21 043	80.9
<i>Zone 4:</i>			
Iringa and Mbeya . . . . .	30 981	28 118	90.8
<i>Zone 5:</i>			
Tabora and Kigoma . . . . .	19 576	16 454	84.1
<i>Zone 6:</i>			
Mwanza, Mara, Shinyanga and West Lake	37 617	34 944	92.9
<i>Zone 7:</i>			
Dodoma and Singida . . . . .	12 784	10 922	85.4
All zones . . .	397 028	340 344	85.7
<i>Urban Areas:</i>			
Dar es Salaam . . . . .	42 894	43 958	102.5
Tanga . . . . .	10 702	10 686	99.9
Mwanza . . . . .	7 238	7 103	98.1

Source: *Employment and earnings . . . 1964*, op. cit., tables 21 and 23.

Summing up the employment effects, the substantial reduction in numbers employed revealed by the above figures took place as anticipated. Unfortunately, it is impossible to discover to what extent, if at all, there was any reduction in the number of man-days of employment as distinct from a reduction in the number of workers employed.

Although the major stimulant to employers to create a smaller and more efficient labour force must undoubtedly have been the coming into effect of the Wage Regulation Order, there were two subsidiary factors working in the same direction. The Employment Ordinance was amended with effect from January 1963, abolishing the traditional "kipande" or African labour "ticket contract", which had allowed 42 days in which to complete 30 days' work, and replacing it with a requirement that regular workers should work on a monthly basis of 26 days with four days' rest. Secondly, the gradual taking effect of the Severance Allowance Act, 1962, must also have helped the trend towards



more efficient wage employment.<sup>1</sup> This Act imposed a liability on employers to pay a severance allowance to their employees whose employment comes involuntarily to an end (other than employees summarily dismissed for lawful cause), after a qualifying period of three months. The severance allowance is calculated on the basis of 15 days' wages, where the employee's service does not exceed one year, and, if it exceeds one year, 15 days' wages for each completed year and part of a year exceeding six months. For this calculation a worker's previous service up to ten years prior to 25 June 1962 is taken into account. As an employer's work force runs down through both voluntary and involuntary termination of employment, there is a clear incentive to recruit no more workers than are absolutely necessary, so as to minimise liability for severance pay which occurs after a brief period of employment.

### Effects on the total wage bill

Although there was a reduction in employment, the rise in the earnings of those who remained in employment was big enough to increase the total wage bill. Whereas most of the figures so far given in this article have applied only to African adult males, those shown in table XIV apply to all wage earners covered by the labour enumeration.

TABLE XIV. ANNUAL TOTAL CASH EARNINGS AND TOTAL VALUE OF FREE RATIONS, 1962 AND 1963

Sector	In thousands of pounds		1963 index (1962=100)
	1962	1963	
<i>Private :</i>			
Cash earnings . . . . .	25 756	29 060	112.8
Value of free rations . . . . .	436	197	45.2
Total . . .	26 192	29 257	111.7
<i>Public :</i>			
Cash earnings . . . . .	15 921	16 715	105.0
Value of free rations . . . . .	12	5	41.7
Total . . .	15 933	16 720	104.3
<i>Both sectors :</i>			
Cash earnings . . . . .	41 677	45 775	109.8
Value of free rations . . . . .	448	202	45.1
Total . . .	42 125	45 977	109.1

Source: *Employment and earnings . . . 1964*, op. cit., table 3.

<sup>1</sup> Ministry of Labour: *Annual report of the Labour Division, 1962* (Dar es Salaam, Government Printer, 1964), paras. 9 and 97-100.

However, the increase they reveal is overwhelmingly attributable to an upward movement in African wages.

The number of African employees receiving free rations, mainly in agriculture, went down from 35,757 in 1962 to 18,624 in 1963. This process of commuting the value of free rations into cash earnings was in accord with the wishes both of the Ministry of Labour and of the Tanganyika Federation of Labour. It was also one of the matters agreed upon in the joint statement issued by the Labour Ministers of Kenya, Uganda and Tanganyika in August 1962, which declared that the time had come to move away from the payment of wages in kind to money wages so as to help "create mature and responsible workers able to rely on themselves as any other citizen of the country". In fact it was only confirming a trend of previous years, which was perhaps speeded up by employers in the process of coming to terms with the burden of higher wages resulting from the Wage Regulation Order.

Although the wage bill did increase there were considerable variations between one branch and another of both the private and the public sectors, as is shown by table XV.

TABLE XV. ANNUAL WAGE BILL <sup>1</sup> BY BRANCH OF ACTIVITY AND SECTOR, 1962 AND 1963

Branch of activity	Private sector			Public sector		
	In thousands of pounds		1963 index (1962=100)	In thousands of pounds		1963 index (1962=100)
	1962	1963		1962	1963	
Agriculture and forestry . . . . .	10 470	11 634	111.1	1 431	1 517	106.0
Mining and quarrying . . . . .	1 508	1 462	96.9	42	36	85.7
Manufacturing . . . . .	3 389	3 532	103.9	206	205	99.5
Construction . . . . .	1 774	1 609	90.1	1 810	1 922	106.2
Electricity and water . . . . .	391	415	106.1	288	306	106.3
Commerce . . . . .	3 824	4 476	117.1	—	—	—
Transport and communications . . . . .	1 741	1 954	112.2	3 633	3 236	89.4
Services . . . . .	3 095	4 184	135.2	8 523	9 498	111.4
All branches . . . . .	26 192	29 257	111.7	15 933	16 720	104.9

Source: *Employment and earnings . . . 1964*, op. cit., table 11.

<sup>1</sup> The wages of domestic servants in private households are not included.

There is in Tanganyika a large gap, amounting to about one-third, between the published figures for the wage bill and those for "compensation of employees" in the national accounts statistics. "Compensa-

tion of employees" consists of the wage bill, plus the wages of domestic servants, the defence forces, the incomes of some peasant workers<sup>1</sup> and a very large sum for non-cash emoluments such as pensions, travel, subsidised housing, etc., shared by expatriates and their African successors. Although no breakdown is available this would be very valuable in showing how "compensation of employees" is distributed and whether it is expanding at the same rate as the wage bill.<sup>2</sup>

Changes in the annual wage bill of the four major agricultural industries are shown in table XVI.

TABLE XVI. ANNUAL WAGE BILL OF THE FOUR MAJOR AGRICULTURAL INDUSTRIES, 1962 AND 1963

Crop	In thousands of pounds		1963 index (1962=100)
	1962	1963	
Sisal . . . . .	6 428	7 262	113.0
Tea . . . . .	1 005	991	98.6
Coffee . . . . .	625	613	98.1
Sugar . . . . .	726	812	111.8
All crops . . .	8 784	9 678	110.2

Source: *Employment and earnings . . . 1964*, op. cit., table 14.

### Effects on output and productivity

For the purposes of comparing numbers employed and earnings it was appropriate to take 1962 (the last year before the coming into force of statutory minimum wages) and 1963 (the first year in which the Wage Regulation Order was in effect). This cannot be extended to 1964 since, following the conclusion of collective agreements by the National Union of Tanganyika Workers, widespread further increases of wages took place in that year. However, for the purpose of establishing the output pattern, since there can be wide variations from one year to the other, it appears appropriate to take the three years, 1962, 1963 and 1964.

What happened to output after statutory minimum wages were imposed? So far as gross domestic product is concerned the position is shown in table XVII at current factor cost and in table XVIII at 1960 factor cost.

<sup>1</sup> The basis for the coverage and estimates of earnings of peasant wage earners has not been published and these earnings may, in the light of work undertaken by Ray and others, prove to be underestimated.

<sup>2</sup> *Background to the budget: an economic survey, 1966-67*, op. cit., table 2, and *Employment and earnings . . . 1964*, op. cit., table 11.



TABLE XVII. GROSS DOMESTIC PRODUCT AT CURRENT FACTOR COST, 1962 TO 1964  
(in thousands of pounds)

Branch	1962	1963	1964
Agriculture . . . . .	124 247	139 357	141 978
Mining . . . . .	5 128	4 411	6 040
Manufacturing . . . . .	7 710	7 822	8 475
Construction . . . . .	6 095	6 207	7 318
Public utilities . . . . .	1 485	1 581	1 767
Commerce . . . . .	24 224	25 830	28 471
Rent . . . . .	8 745	9 374	10 969
Transport . . . . .	9 385	9 384	9 976
Services . . . . .	23 424	23 390	25 263
Total . . .	209 443	227 356	240 257

Source: *Background to the budget: an economic survey, 1966-67* (Dar es Salaam, Government Printer, 1966), table 4.

TABLE XVIII. GROSS DOMESTIC PRODUCT AT 1960 FACTOR COST, 1962 TO 1964  
(in thousands of pounds)

Branch and sector	1962	1963	1964
<i>Private monetary sector:</i>			
Agriculture . . . . .	48 298	53 152	59 486
Mining . . . . .	5 190	4 265	4 802
Manufacturing . . . . .	6 980	7 541	8 078
Construction . . . . .	2 885	2 654	2 974
Public utilities . . . . .	1 138	1 192	1 221
Commerce . . . . .	24 224	23 443	26 373
Rent . . . . .	3 869	3 967	4 269
Transport . . . . .	3 882	4 309	4 736
Services . . . . .	7 509	7 250	7 439
Total . . .	101 310	107 773	119 378
<i>Public sector</i> . . . . .	27 462	27 247	27 363
Total monetary G.D.P. . . .	128 772	135 020	146 741
<i>Subsistence sector</i> . . . . .	61 037	61 595	63 699
Total G.D.P. . . .	189 809	195 615	210 440

Source: *Background to the budget: an economic survey, 1966-67*, op. cit., table 5.

It will be seen from these two tables that at constant cost there was in 1963 as compared with 1962 an upward trend in the private sector, and the position remained about the same in the public and subsistence

sectors.<sup>1</sup> In the private sector there were reductions in construction, services and commerce but not large enough to form the basis of any significant conclusions.

These figures show that the whole wage fixing exercise was much helped by the increased value of private monetary agriculture at 1960 factor cost from £48.3 million in 1962 to £53.2 million in 1963. Apart from the rise in prices, this was the largest single element in bringing about an increase in gross domestic product at current factor costs from £209.4 million in 1962 to £227.4 million in 1963.

In addition to these global figures, some useful output figures are available in the case of sisal, the biggest single user of wage labour; in the plantation industries generally; and for construction companies in the private sector.

The position in the sisal industry is shown in table XIX.

It should again be noted that the figures produced by the Tanganyika Sisal Growers Association show the average wage labour force, which is

TABLE XIX. PRODUCTION AND EMPLOYMENT IN THE SISAL INDUSTRY, 1962 TO 1964

	1962	1963	1964
Average total wage labour force . . . . .	109 641	87 933	83 049
Annual production in tons (excluding non-plantation) . . . . .	208 366	212 404	222 586
Labour per ton . . . . .	0.526	0.414	0.373

Sources: Tanganyika Sisal Growers Association: *Annual Report, 1963-64*, op. cit., Appendix II, tables V and VI, and *ibid.*, 1964-65, Appendix II, tables V and VI.

<sup>1</sup> Caution must be exercised in assessing the subsistence incomes of the non-wage-earning members of the labour force. It is understood that the principal basis for the necessary calculations are some village economic surveys undertaken by the Central Statistical Bureau in 1961 and 1962. These inquiries were carried out in two districts. The resulting data consisted of information in respect of 125 households in 11 villages of Morogoro District and 36 households in four villages of Bagamoyo District for the period September 1961 to August 1962. Although undertaken in a most systematic and thorough way, the survey inevitably experienced various difficulties. In Bagamoyo the pilot study of four villages, chosen purposely from the point of view of convenience of supervision, could not be expanded as planned into a random selection of villages in the entire Bagomoyo District because of unusual drought causing famine conditions. The report fairly states that "some of the sampling errors in the zones and survey averages for Morogoro are considerable, indicating that the sample of 11 villages was not large enough for normal District sample survey requirements". (Central Statistical Bureau: *Village economic surveys, 1961-62* (May 1963), pp. 1 and 9.)

As the same report states, "interesting economic information is nevertheless presented . . . on which there is either no information at all or much less reliable subjective estimates" (*ibid.*, p. 1).

However, to base any general statistical conclusions about the subsistence economy on these findings together with empirical regional estimates, and in particular to attempt comparisons between the living standards of those in the wage-earning economy with those outside it, would appear a hazardous exercise and is not attempted in this article.

calculated differently from the annual labour enumeration based exclusively on June employment figures. Using these latter figures it can be calculated that the average annual production per worker increased from 1.9 tons in 1962 to 2.45 tons in 1963 and 2.68 tons in 1964 (or that labour input per ton decreased from 0.526 to 0.408 and 0.373 during the same period).

This shows an increase in average output per worker of 27 per cent. in 1963 and a further 14 per cent. in 1964. But apart from a reduction in the total labour force, its composition changed considerably, as we have seen (table X), so that from 1963 male adults constituted a much larger proportion of the total. Further calculations based on the figures of "labour per ton" show for adult males average increases in output of 18.4 per cent. in 1963 and a further 9.1 per cent. in 1964.<sup>1</sup>

No figures are available showing the number of man-days of employment given by the industry in the years 1962 to 1964, nor is there any comparison showing the number of hours worked by sisal cutters and others employed in the industry. It can be assumed that, although the numbers employed went down considerably, the number of man-days of employment given will not have diminished in the same proportion. Higher wages, abolition of the kipande system and the obligation to grant severance pay when employment is terminated at the option of the employer, all effectively combined to encourage regular work, as was fully intended by the Government.

Some of the improvement in output is also likely to have resulted from a reduction in days lost through stoppages. Though separate figures are not available for the sisal industry, traditionally most disputes occur in that industry and in the docks. The over-all figures for 1962, 1963 and 1964 are as follows: the number of disputes dropped from 152 to 83 and

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<sup>1</sup> C. W. Guillebaud, economic adviser to the Tanganyika Sisal Growers Association has recently published results of his partial survey (60 estates in 1962 and 65 estates in 1963) covering rather more than half the total output of the industry. According to the 1963 returns the net total expenditure per ton of 32 estates ranged from £40 to £69, and in the case of another 32 estates from £70 to £99. In respect of some estates in the lower group Guillebaud states: "The internal evidence provided by the figures in their returns leads to the strong presumption that they reflect the incompleteness of their book-keeping rather than the lowness of their costs." In these estates the over-all cost of wages per ton increased by £3 10s. between 1962 and 1963. Further increases in labour costs resulted from social legislation which became operative mainly in 1963: the combined cost of severance pay, public holidays, sickness pay, and annual paid leave amounted to £2 13s. per ton in 1963, the most costly item being public holidays (there were 15 of these in 1963), which cost £1 3s. per ton. On average the total labour cost per ton in the estates covered by the Guillebaud survey was £39 8s. in 1963 as compared with £34 7s. in 1962—an increase in the year of just under 15 per cent. Guillebaud comments: "As it is estimated that the average cost per labour day worked increased by just under 25 per cent. in 1963 over 1962, this indicates that estates had had a good deal of success in their endeavour to make a more economical use of their labour force." Labour cost as a proportion of net total expenditure remained constant at 58 per cent. in both years. No figures are given for changes in employment in the estates covered by the survey. (C. W. GUILLEBAUD: *An economic survey of the sisal industry of Tanganyika* (Welwyn, James Nisbet, 1966), third edition, pp. 69-73.)



further to 24; that of workers involved, from 48,000 to 17,000 and 3,500; and that of man-days lost, from 417,000 to 74,000 and 6,000.

As regards plantation agriculture as a whole (i.e. sisal, tea, coffee and sugar, which together employ more than 50 per cent. of wage earners covered by the annual labour enumeration), figures are available showing production at constant prices and at current prices. These are given in table XX.

TABLE XX. VALUE OF PRODUCTION IN WAGE-EARNING AGRICULTURE, 1962 TO 1964

Year	Production at constant prices		Production at current prices	
	In thousands of pounds	Index (1962=100)	In thousands of pounds	Index (1962=100)
1962 . . . . .	18 519	100	18 243	100
1963 . . . . .	20 747	112	27 426	150.3
1964 . . . . .	22 512	121.5	28 360	155.5

Sources: *Employment and earnings . . . 1965*, op. cit., table 14, and *Background to the budget: an economic survey, 1966-67*, op. cit.

It may be recalled that the indices of numbers employed in the plantation industries, although not strictly comparable since wage-earning agriculture covered by the labour enumeration includes a minority of workers not engaged in these industries, were (taking 1962 = 100) 81 in 1963 and 82 in 1964. Thus in the four plantation industries taken together, as in sisal alone, there was a substantial increase in labour productivity.

The third field for which some information on output and productivity is available for the period 1962-64 is that of privately owned construction companies. This is contained in the *Report of the British Economic Mission on the Tanzania Five-Year Development Plan*, otherwise known as the Ross Report. This report comments:

If there had been no change in productivity and assuming labour costs are about 25 per cent.<sup>1</sup> of the total cost of building then the increase in labour costs between 1961 and 1964 would account for an increase of about 15 per cent. in the price of building. However, productivity almost certainly rose between 1962 and 1964. Employment dropped between 1962 and 1963 following the introduction of a minimum wage and new labour regulations in January 1963, and *there is no indication that construction output fell by the same extent as employment.*<sup>2</sup>

Ross further notes, in considering the performance of industry, that "in 1962 and 1963 the amount of construction work in progress was sub-

<sup>1</sup> The 1961 industrial census estimates the share of labour costs in total building costs as 26.4 per cent.

<sup>2</sup> *Report of the British Economic Mission on the Tanzania Five-Year Development Plan*, Ch. 20, para. 6. Emphasis added.

stantially less than in 1961". This was, however, not related to wage increases but to a wait-and-see attitude by private investors in the building industry in the immediate post-independence period; there was in fact a recovery in 1964.<sup>1</sup>

From this it appears that the private construction companies reduced employment partly because of reduction in building operations and partly in response to increased minimum wages. As this had been an industry using much temporary unskilled labour, there was certainly scope for increased efficiency based on a smaller, more regular work force. According to the Ross Report this appears to have been achieved and increased productivity kept pace with the coming into force of statutory minimum wages.

### Conclusions

What were the effects of the Wage Regulation Order, 1962? As far as the workers covered by the labour enumeration were concerned the available evidence suggests that at least the minimum wages prescribed were paid by employers; the numbers earning under 100s. per month declined from 50.4 per cent. to 19.2 per cent. of African adult males covered by the labour enumeration. It seems reasonable to suppose that most if not all of this 19.2 per cent. were employed in industries exempted from the working of the order, or were casually employed. Whilst, in 1962, 37 per cent. were receiving between 100s. and 199s. per month, in 1963 this had increased to 67 per cent. From the published figures it is not possible to establish clearly whether existing differentials were preserved after the introduction of statutory minimum wages.

In the case of those working for wages and not covered by the labour enumeration the general wages position is inevitably unclear. The Ray Survey suggested that there were at least twice as many working for wages in 1965 as were covered by the labour enumeration, with most of the difference being accounted for by wage earners in non-plantation agriculture. There is no published estimate of wages paid to this group but the conclusions of the Ray Survey suggest that previous estimates are likely to have been on the low side. The Minimum Wages Board had recommended the setting up of separate wage councils at provincial centres to fix wages for non-plantation agriculture, but for the period considered in this article those engaged in non-plantation agriculture were not subject to the Wage Regulation Order.

What was the effect of these wage increases in sectors covered by the labour enumeration? There was an over-all increase in the wage bill, mainly attributable to the order, of 11 per cent. in the private sector, or

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<sup>1</sup> Ibid., para. 15.

of 9 per cent. over-all. Since, in general, the African cost of living remained stable, real wage increases took place. There was a reduction in numbers employed from 397,028 in 1962 to 340,344 in 1963. This was an over-all reduction to 85.7 per cent. (private sector 84.6 per cent. and public sector 88.8 per cent.). The reduction occurred mainly in agriculture, where the numbers employed dropped by 19 per cent., and the agricultural component of the number of enumerated workers fell by 3 per cent. The construction industry was reduced by 26 per cent. (though here other factors were involved, as described earlier); transport showed a small increase, and private services remained stationary. There was very little effect on the urban wage-earning labour force.

Who ceased to be employed? The number of African adult males employed decreased by 13.6 per cent. in the private sector and 12.3 per cent. in the public sector. The total number of Africans originating from outside Tanganyika decreased by 17.7 per cent., whereas total African males employed fell by 11.3 per cent. The total number of females employed in both sectors fell by 26 per cent. and young persons by 30 per cent.

How was the reduction of employment in sectors covered by the labour enumeration brought about? In terms of adult males there was a reduction of about 45,000 mainly in agriculture, which, related to a male labour force approaching 2 million in 1963, amounts to some 2.5 per cent.

Very few workers were dismissed. Recruited labour, particularly from outside Tanganyika, was not replaced when it returned home. The same applied to some other migrant labour. Women and children, mainly dependants of male workers, lost their employment, as did some casual workers.

This pattern is clearly shown by the figures for the sisal industry given in table X. Little if any real hardship can have resulted from the non-employment of dependants on sisal and other plantations. According to evidence repeatedly given to the Minimum Wages Board this was not very popular and was the result of necessity since the wages of adult males were low. In many cases displaced dependants were able to undertake "subsistence" activities on land near to the plantations.

The history of wage employment in Tanganyika clearly shows that adequate manpower for plantations and other unskilled work was generally only obtained with difficulty, sometimes by coercion and at other times by forced entry into wage earning brought about by tax impositions in areas where drought or bad communications made cash cropping and other agricultural activity difficult.<sup>1</sup> Gulliver and Elkan have pointed out

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<sup>1</sup> See G. St. J. ORDE BROWNE: *Labour in the Tanganyika Territory* (London, H.M. Stationery Office, 1926); idem: *Labour conditions in East Africa* (London, H.M. Stationery Office, 1946); and the United Nations document, *Report on Tanganyika . . .*, op. cit., p. 99.



that, as cash cropping has developed, workers have been increasingly unwilling to undertake unskilled work far from home.<sup>1</sup>

It is a special feature of Tanganyika of the greatest importance that, in contrast to many countries, there is no shortage of land. Those who returned from wage employment will for the most part and without major difficulty have re-entered the cash crop and subsistence economies. This will have been entirely normal and was part of the migrant labour tradition. There may well, however, have been hardship in that some potential migrant wage earners from areas affected by drought, or still too remote for cash cropping, will not have been able to find unskilled employment on the estates. Some of these will, however, have found wage employment in those growing sectors of non-plantation agriculture not covered by the labour enumeration. Similarly, it is reasonable to suppose that workers displaced by the reduction in the numbers employed, since they had already had wage-earning experience, will in some cases have been again employed for wages in expanding sectors not covered by the labour enumeration, such as that of "emergent" African farmers.

It can be said, in a general sense, that the increased cost of labour resulting from statutory minimum wages, the ending of the kipande system, etc., caused employers to deploy a less numerous work force more efficiently. In so far as the introduction of statutory minimum wages in Tanganyika was intended by the Government as a contribution towards the creation of a smaller, more stable labour force in wage earning employment, with wages moving upwards from the "bachelor" level and designed to make it easier for families to live together in the employment situation, this article gives ground for supposing that the intention was realised.

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<sup>1</sup> P. H. GULLIVER: *Labour migration in a rural economy. A study of the Ngoni and Nden-deuli of Southern Tanganyika* (Kampala, East African Institute of Social Research, 1955); and W. ELKAN: *Migrants and proletarians: urban labour in the economic development of Uganda* (London, Oxford University Press, 1960).

# Economic Development and Employment in the Soviet Union

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**T**HE MAIN AIM of the present article is to examine the broad trends of government policy in the Soviet Union with regard to the employment of labour resources in the socialist planned economy in the past and in the near future. Special attention will be paid to certain aspects of the employment of manpower displaced as a result of technical progress and within the framework of the new system of planning and economic incentives. But the authors make no claim to have given an exhaustive account of the problem of employment in the Soviet Union.

## The meaning of "employment"

The employed population in the Soviet Union includes all able-bodied members of society engaged in some form of socially useful activity. However, the following categories are distinguished: persons engaged in social production, in studies, in domestic work and on personal subsidiary plots.

These persons differ from each other in the way in which they obtain their livelihood. The most important category and the one that is of decisive significance for the country's economic development is social production; persons in this category work for wages or salaries provided by society in state undertakings and institutions, or by the body of workers in agricultural co-operatives (kolkhozes). Those engaged in domestic work, i.e. members of the family occupied with house-keeping and bringing up children, get their income in the form of a redistribution of the earnings of other members of the family. People working on personal subsidiary plots derive their income from work done on their own account. Finally, those engaged in studies are supported by a redistribution of the national income in the form of state grants, or by a redistribution of family income.

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Thus the concept of full employment in the U.S.S.R. does not imply that the whole of the working population must be engaged in social production. Employment in the home is primarily conditioned by the need to bring up children in the family and by the inadequate development of services; in some cases it is also due to limited employment opportunities for women in the social sector; and there are many other reasons. Employment in personal subsidiary plots is at present linked with the inadequate development of social agriculture. Both these types of employment are perfectly normal and will be retained for a long time to come; but, in the authors' opinion, whereas some degree of employment in the home will always be necessary in the foreseeable future, personal subsidiary plots will disappear at an earlier date.

In the Soviet Union, as a result of the rapid development of industry and of socialist co-operative agriculture, unemployment was largely abolished by the end of 1930. But this did not dispose of the problem of employment; it merely transferred it to another plane—that of ensuring the most rational and efficient use of the working population in the different occupations, economic sectors and areas, in accordance with the targets fixed for each stage in the planned development of the economy.

Rational employment does not come about automatically. It depends on the introduction of purposeful state planning measures. That is why the socialist society deliberately plans the proportions not only of embodied labour<sup>1</sup> but also of live labour<sup>2</sup>. In the process special consideration must be given to the expansion of employment in the social sector, including the field of studies, in order to release labour resources from personal subsidiary plots and to make the fullest possible use of the new generation which is just reaching working age. Although in recent years both the relative and the absolute number of those engaged in domestic work and personal subsidiary plots has continued to decline, about 13 per cent. of the working population still falls into these categories. Drawing it into the social economy should, in principle, help to increase the speed and scale of the expansion of social production and to raise the standard of living. But no effort is made to speed up the reduction in the numbers employed in the home and on personal subsidiary plots, since by no means everyone concerned can be considered eligible for work in the social sector. The group includes a considerable number of women just below pensionable age, mothers of young children, not fully employable persons, etc.

But this is only part of the problem of the rational use of labour resources. Another, more important, task is organising the employment of those who reach working age each year, replacing those retiring and

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<sup>1</sup> That is to say labour absorbed at all previous stages of production, especially in the manufacture of plant and equipment.

<sup>2</sup> That is to say the direct input of labour in production.



ensuring a rise in the numbers of the workforce to keep pace with the increase in production. The natural increase in labour resources and the increase in manpower requirements are not always in balance in the different regions, and it is therefore necessary to plan the employment of the rising generation both by directing them towards social production on the spot, and by guiding them towards regions and towns with a labour shortage. Migratory movements from one region to another, or from the country to the towns, may also give rise to a surplus of manpower in some regions and a shortage in others, or to an undesirable population density in the towns. This, too, makes it essential to plan the territorial distribution of labour resources.

Finally, scientific and technical progress and the spread of mechanisation and automation displace a number of workers from certain undertakings and branches of industry, and carefully planned measures have to be taken for the redistribution, retraining and rational deployment of the labour force affected.

The elaboration of a rational employment plan is a complex social and economic undertaking, for it involves no less than the movement and use of society's main productive resource—human beings, each of whom has his own individual character and whose personal interests do not always entirely coincide with those of society. Hence, when implementing an employment policy, the State is faced with the problem of achieving the best possible reconciliation of public and personal interests. For this it is very important that there should be stronger material and moral incentives.

In the current phase of economic construction in the U.S.S.R.—marked as it is by technological revolution, economic reforms and an intensive programme for the development of the eastern regions—the problem of the distribution and redistribution of labour resources is of great topical significance. Central and local party, state and industrial employees are increasingly preoccupied by it, and economists, geographers, demographers, lawyers and other scientists are engaged in research into its different aspects.

Providing a solution to the problem of the rational deployment of labour resources is of the utmost importance for accelerating the country's economic development and raising the standard of living.

### **Factors affecting the level of employment in social production**

The policy of providing full employment in social production in the Soviet Union is based on a comprehensive survey of all the factors affecting its level and structure.

One such decisive factor is scientific and technical progress, yet its effects are inherently contradictory. On the one hand, technical progress

and improvements in the organisation of work lead to a saving of labour, especially live labour (direct labour input), and hence to some degree of redundancy, both absolute and relative—a trend which has different consequences depending on the structure of society. On the other hand, the growth of productivity resulting from technical progress and from subjective factors in production (i.e. man himself) is accompanied by an increase in national income (including the volume of both accumulation and consumption) which permits a simultaneous increase in development investment generating higher levels of employment and in standards of living (higher real wages, shorter hours, etc.). These two trends, which are reflected in the modification of employment structure due to scientific and technical progress, represent a real and basic contradiction, but one that can be resolved in practice by manpower planning, and particularly by planning the relation between three interdependent factors: (i) the target scale of production (volume of work); (ii) the planned level of labour productivity; and (iii) the number of workers required both in the national economy as a whole and in the individual branches and sectors. All of these are taken into account by the State Planning Commission when it is planning the volume of capital investment to be allocated to each sector.

Various branches of the economy display differences in the ratio of cost of plant and equipment to live labour costs. This is because they differ in labour productivity, the level of technical equipment and the technological nature of production.

Some branches—such as chemicals, metallurgy, the oil and energy industry and certain others—are characterised by a comparatively high proportion of capital costs and relatively low live labour costs (the capital-intensive branches of the economy). Others (e.g. coal, ore mining, timber, peat, etc.) have comparatively high live labour costs (the labour-intensive branches of the economy).

The scale of employment depends to a considerable extent on which branch of the economy (capital-intensive or labour-intensive) receives capital investment. For this reason the choice of the optimum combination of these different branches is of great significance in determining the economic effectiveness of capital investment. Besides this, when the rate of development in the different branches is planned, it is important to calculate trends in the changing ratio of capital and labour costs over a period of years.

Technical progress leads to a steady decline in the proportion of expenditure on live labour as compared with that on equipment in all branches of the economy, with the result that labour resources tend to outstrip demand. This entails a potential relative drop in employment; in the course of time, for the same capital investment, all other things being equal, there is a steady decrease in the amount of manpower drawn into production. Thus, for example, one million units of capital

investment in industry during the first five-year plans attracted from 2 to 2.5 times as many workers as it would today.<sup>1</sup> This is a result of increased labour productivity and its share in the increased social product.

When technical progress is rapid, the socialist planning system provides full employment in the national economy as a whole by maintaining a high and steady rate of development in social production and in public services, by a planned reduction of the working day and week and by introducing a rational shift system.

### **Increased employment in the sphere of non-material production**

One of the most important proportions of labour expenditure in the national economy is the relationship between employment in the material and non-material production spheres.<sup>2</sup> This cannot be fixed arbitrarily. It depends on the level of development of material production and particularly its main branches: industry and agriculture. Inasmuch as accumulation over a given period, which determines the amount of capital investment in particular branches of the economy, including the service industries, is earned by material production, it directly determines the existence of the non-material production sphere and the possibilities for its expansion.

By reaching a higher level of economic maturity, society is able to divert ever greater resources to the development of non-productive activities. All other things being equal, the higher proportion of expenditure on live labour in the non-productive sphere is a sign that society is providing ample opportunities for the material welfare of the people. But the rise in the standard of living brings with it an increased demand for services, and especially for an improvement in cultural and social amenities and consumer services which, after all, also form part of general living conditions. In the U.S.S.R., as in all countries at a high level of economic development, the non-material production sphere is rapidly expanding, thus demanding an increasing proportion of investment in that sphere and a rapprochement between the growth rates of fixed assets in the material and non-material production spheres. During the first five-year plans investment in the non-material production sphere represented 28 to 30 per cent. of total capital investment, whereas it represented as much as 34 to 37 per cent. in 1960-65. Similarly, between

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<sup>1</sup> *Narodnoe khozyaistvo SSSR v 1965 g.* (Moscow, 1966), pp. 528-557.

<sup>2</sup> The material production sphere comprises mining, manufacturing, construction, agriculture, forestry, transport of goods, telecommunications for production purposes, trade, and home industries. The non-material production sphere includes education, health protection and social welfare, science and scientific services, community and housing services, passenger transport, private telecommunications, arts and culture, public administration, and personal services (hairdressing, photographic studios, deliveries, etc.).



1928 and 1940 fixed assets in the material production sphere grew 1.3 times as fast as those in the non-material production sphere, between 1952 and 1958 they grew 1.2 times as fast, and between 1959 and 1965 the rates were almost equal.<sup>1</sup> This shows that the material and financial resources resulting from greater efficiency in social production were used to a large extent to expand activities in the non-material production sphere, thus leading to the increase in the proportion of manpower employed in these activities shown by the following figures: in 1950, 1960 and 1965 the percentage distribution of employment between material and non-material production spheres was 60.9 and 39.1, 63.2 and 36.8, and 60.8 and 39.2 respectively.<sup>2</sup>

During the 15 years after the reconstruction of the national economy, the number of workers and employees engaged in activities in the non-material production sphere increased 1.9 times. While the numbers employed in material production increased at roughly the same rate, over the period there was an essential change in the dynamics of employment in the two spheres. During the last few years the growth rate of employment in the service industries significantly outstripped that in material production.

Table I shows that this rate of growth was not the same in all non-material production activities.

TABLE I. GROWTH RATE OF AVERAGE ANNUAL NUMBERS OF WORKERS AND EMPLOYEES IN DIFFERENT BRANCHES IN THE NON-MATERIAL PRODUCTION SPHERE, 1940 TO 1965 <sup>1</sup>

Branch	1940	1950	1958	1965
Consumer services, public catering, procurement and supplies of materials and machinery . . . . .	100	100.3	125	179
Housing and utilities . . . . .	100	91	116	157
Health services . . . . .	100	136	202	283
Education . . . . .	100	124	163	246
Science and scientific services . . . . .	100	197	370	725
Credit and insurance . . . . .	100	99	97	112
State administration and public organisations . . . . .	100	99.7	70	79

Source: *Narodnoe khozyaistvo SSSR v 1965 g.*, op. cit. p. 567.

<sup>1</sup> The choice of branches to be included as service industries was made on the principle of primary function (direct services to the community or material production). Thus all those employed in consumer services and catering come under services, whereas those employed in goods transport and communications for production purposes are included under material production. Owing to the absence of statistics, workers employed in passenger transport and communications for private individuals are not included under services.

<sup>1</sup> *Narodnoe khozyaistvo SSSR v 1965 g.*, op. cit., p. 533.

<sup>2</sup> Excluding employment in agriculture and forestry. Ibid., p. 557.

It will be seen that the largest growth has taken place in branches like education, science and health. The proportion of those employed in administration and finance has even fallen a little, although total numbers have increased. The U.S.S.R. is considerably ahead of other countries in the number of people, per 10,000 inhabitants, employed in health services, education, science and training, but it is still behind the United States and various other countries in consumer services and public amenities. This can be explained to a certain extent by the lag in the development of agriculture, which consequently still employs an extremely high proportion of workers.

The increase in the service industries is not merely a passive result of the country's economic development, it also has a great influence on the growth of labour productivity. For example the spread of education among the people has direct repercussions on the improvement in the basic productive potential of the working community, on the rise in its cultural and technical level and on improvements in its vocational training. The development of health services likewise has a real influence on the growth of productivity in social labour, since it safeguards the health of the workers and prolongs their lives. The increase in cultural amenities and community services also plays a part in raising productivity, for it helps to raise the standard of living, frees working women from unproductive domestic work, enabling them to enter social production, and provides opportunities for increased leisure which may be used for cultural and technical improvement, for sports and relaxation, for social activities and for bringing up children.

As the service industries develop, they become increasingly important in providing housewives and the rising generation with more employment in the social economy. This is because, in the first place, the extent of services is increasing very rapidly and, in the second place, there is a comparatively limited rise in labour productivity in the non-material production sphere. For example in the services branches employing the largest number of workers (education, health services and consumer

TABLE II. INDICES OF LABOUR PRODUCTIVITY IN SELECTED BRANCHES IN THE NON-MATERIAL PRODUCTION SPHERE, 1958-64

(For each branch 1958=100)

Branch and unit of measurement	Volume of services	Number of workers	Labour productivity
Consumer services (retail trade in thousand million roubles) . . . . .	145	148.3	97.8
Education (number of students) . . . . .	151.5	142.5	106.3
Health services (number of beds) . . . . .	139.1	133.4	104.2

Source: *Narodnoe khozyaistvo SSSR v 1965 g.*, op. cit., pp. 594, 627, 680 and 743.

services) during the past few years the index for the increase in numbers employed was almost directly proportional to that of the increase in the volume of services, as the figures in table II show.

This does not mean, of course, that the increase in the effectiveness of labour utilisation is always limited. It can be substantially increased in a number of cases by the application of new techniques and improvements in the organisation of work. One present instance of this is the hospital service, where labour efficiency is being considerably improved.

Great importance is attached to raising the efficiency of labour and providing the service industries with qualified personnel by increasing material incentives, that is, rates of pay. Until recently getting employable members of society, and particularly young people, to work in services was hampered by the existence of substantial wage differentials between industry and services. In 1965 these were levelled out as a result of a mean rise of more than 20 per cent. in the average wage of service workers and employees. But what was needed was not only an increase in material incentives, but also a rise in the social and moral prestige of the jobs in the service industries, since among certain sections of the population prejudices persist towards these jobs, which are regarded as being less important or significant than material production. A strenuous campaign to popularise the service industries has now been launched by the press, radio, cinema and television in order to break down this psychological barrier among young people.

The main indices of growth in the service industries during the current five-year plan are shown in table III.

TABLE III. GROWTH OF SELECTED BRANCHES IN THE NON-MATERIAL PRODUCTION SPHERE DURING THE FIVE-YEAR PLAN FOR 1965-70

Branch and unit of measurement	1965	1970	1970 as a percentage of 1965
Consumer services (retail trade in thousand million roubles) . . . . .	104.6	149.6	143.0
Education (thousands of students) <sup>1</sup> . . . . .	57 463	78 825	137.2
of which institutes of higher education (thousands of students) . . . . .	3 830	5 000	130.5
Health services (thousands of beds) . . . . .	2 224	2 680	120.5
Welfare (growth of welfare: 1965=100) . . . . .	100	250	250.0

Source: Statistics based on data from *Statisticheskii spravochnik SSR v shifrakh v 1965 g.*, pp. 131, 144, 154 and data from report by A. N. Kosygin and directives of the 23rd Congress of the C.P.S.U.

<sup>1</sup> Excluding part-time students.

Assuming that the numbers employed in the service industries will increase in direct proportion to the volume of work, they will have to increase in the various branches as follows: consumer services, 1.8 mil-



lion or 29.9 per cent.; education, 2.2 million or 33.3 per cent.; health services, 1.3 million or 30 per cent.

In the service industries as a whole, including consumer services, the numbers employed, according to our calculation, will have to increase by about a third, or by more than 9 million, while in the production industries they will have to increase by 4 million (even less if we allow for a drop in the number of agricultural workers).

Thus both the absolute and relative number of people employed in the service industries will show a significantly greater increase than those employed in production, a characteristic of the current five-year plan.

### **Changes in employment structure in the sphere of material production**

Since increased employment in the field of social labour is based on the growth of the national income and on accumulation earned in production, it is natural that the distribution of the country's labour resources should be governed by changes taking place in the sphere of material production, and especially in the main branches—industry and agriculture. Thus the basic proportions obtaining in this sphere are of capital importance for an understanding of the actual and basic proportions within the employment structure, including increases in the non-material production sphere.

Taking total expenditure on social labour engaged in material production as 100, its distribution in 1959 was 38 per cent. for the means of production and 62 per cent. for consumer goods (broken down into food products 42 per cent., clothing and footwear 12 per cent., and social amenities 8 per cent.).<sup>1</sup> From this it can be seen that about two-thirds of all labour expenses are on consumer goods, while among consumer goods, nearly 70 per cent. of expenses are on food products and only 13 per cent. on social amenities.

The larger part of labour expenditure on the production of consumer goods (about 70 per cent.) goes to agriculture, about 20 per cent. goes to industry for the processing of agricultural products and 10 per cent. to transport, supplies and consumer services.

The excessively high proportion of labour expenditure which goes to the production of consumer goods is basically a result of low labour productivity in agriculture, which involves high expenditure on live labour for the production of agricultural goods.

According to the figures for 1959, expenditure on live labour in agriculture amounted to 76.7 per cent. of the total and that on supplies and equipment to 23.3 per cent. (In the sphere of material production as a whole the corresponding percentages were 62.1 and 37.9.)

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<sup>1</sup> *Metody planirovaniya mezhotraslevykh proporsii* (Moscow, Izdatelstvo Ekonomika), p. 200.

During the past few years in the Soviet Union there have been important changes in the proportions of workers employed in the different branches of production. Employment in agriculture has fallen considerably, as can be seen from the figures in table IV.

TABLE IV. PERCENTAGE OF WORKERS EMPLOYED IN THE DIFFERENT BRANCHES OF THE SOVIET ECONOMY, 1958 AND 1965

Branch	1958	1965	Change 1958 to 1962
Industry and construction . . . . .	36.5	43.1	+6.6
Agriculture and forestry . . . . .	49.5	39.5	— 10.0
Transport and communications . . . . .	8.2	9.9	+1.7
Consumer services, public catering, procurement and supplies of materials and machinery . . . . .	5.8	7.5	+1.7
Whole economy . . .	100.0	100.0	—

Source: *Narodnoe khozyaistvo SSSR v 1965 g.*, op. cit., p. 562.

The increase in labour productivity in agriculture, which has exceeded the increase in agricultural production, has resulted in both an absolute and a relative drop in the number of people employed in agriculture, which in turn involves the redistribution of considerable numbers of workers among the non-agricultural branches of the Soviet economy. Many workers no longer needed in agriculture are absorbed by industry, which, unlike agriculture, in spite of the rapid growth of productivity, has a still faster rate of growth of production, while the shortening of the working day and week result in a rise in the absolute and, to a certain extent, also the relative numbers of workers employed in industry.

However, the number of ex-agricultural workers absorbed by industry is decreasing. As was pointed out above, this is the result of improvements in production techniques, technology and organisation. More will be said about this in the section on changes in the structure of industrial employment by branch.

Since industrial production is concentrated in the towns, the redistribution of labour resources from agriculture to industry takes the form of an outflow from the country. This makes the process of transferring workers from agriculture to industry more complicated than transferring them from one non-agricultural branch to another. But rural-urban migration is motivated by a whole series of other social and economic factors: not only is the standard of living higher in the towns, but also opportunities for enjoying cultural and social amenities,

access to communal and other services, the choice of jobs, opportunities for higher education—all these things are more favourable than in the country.

In 1960-65 there was a considerable fall in both the absolute and the relative number of people employed in agriculture in the U.S.S.R., as can be seen from the figures in table V.

TABLE V. DECLINE IN EMPLOYMENT IN AGRICULTURE, 1960 TO 1965

Type of employment	Number in millions		1965 as a percentage of 1960
	1960	1965	
Average annual number of collective farm members taking part in agricultural work	22.3	18.9	84.7
Average annual number of workers and employees in agriculture . . . . .	6.7	8.6	128.3
Total . . .	29.0	27.5	94.7

Source: *Narodnoe khozyaistvo SSSR v 1963 g.*, p. 363, and *Narodnoe khozyaistvo SSSR v 1965 g.*, p. 435.

A very large proportion of those who move from the country to the towns are young people. This makes for a higher proportion of older people in the agricultural population, as can be seen clearly from table VI.

TABLE VI. AGE STRUCTURE OF POPULATION EMPLOYED IN THE DIFFERENT BRANCHES OF THE ECONOMY (CENSUS OF 1959)  
(Per 1,000 employees)

Branch \ Age group	Up to 16	16-19	20-29	30-39	40-49	50-54	55-59	60 and over
Economy as a whole <sup>1</sup> .	5	94	322	252	174	70	41	42
Industry . . . . .	1	101	395	260	153	52	24	14
Construction . . . . .	1	136	428	225	122	46	25	17
Agriculture . . . . .	11	108	273	211	179	84	58	76
Transport . . . . .	0.8	65	344	292	188	66	31	13

<sup>1</sup> Excl. personal subsidiary plots.

During the past few years the drift of young people to the towns has been particularly intensive. As a result, the average age of the agricultural population in many regions approaches 50; in the Urals it is 48-49.<sup>1</sup>

<sup>1</sup> *Kommunist*, 1966, No. 2, p. 84.



Soviet society, the Party and government bodies are naturally worried by the unwanted mass drift of young people to the towns, the extent of which has been higher than originally foreseen. The process is not merely a result of insufficient planning of agricultural employment. The main reason is that with the rise in the standard of general education there comes a huge increase in the demand for cultural and social amenities, for good working conditions, for professional status, etc.

In certain sections of agricultural production there is a clash between the high standard of education on the one hand, and on the other the existence of unfavourable working conditions, the poor quality of technical equipment, the unattractiveness of the work and the lack of opportunities (or the very limited opportunities) for acquiring new skills, for the free choice of a job, and for receiving higher education. In spite of the great progress made in mechanising cultivation (e.g. the grain and silage harvests, seed sorting, etc.), there are still poorly mechanised labour-intensive jobs in cropping (e.g. potato planting and lifting, inter-row cultivation of vegetables, etc.) and in most of animal husbandry (especially dung clearing and fodder distribution).<sup>1</sup> Naturally working conditions like these do not satisfy contemporary village youth. They are discontented with the level of cultural and social amenities and of other branches of "rural services", which remains below that of the towns.

In the period 1958-64 the level of general education rose at much the same rate in town and country, yet cultural and social amenities developed far less rapidly in the country. As a result of the amalgamation of collective farms in the period 1959-64 there was a decrease in the number of cultural and educational facilities (libraries, clubs); huge libraries were set up in the collective farm centres, but in the less populated areas small ones were closed down.

A sociological inquiry carried out in the Urals into the reasons for which young people leave the country showed that one-third do so because of low wages and two-thirds because of dissatisfaction with working conditions, amenities, culture and opportunities for education.<sup>2</sup>

The problem of employment for young people in the country is receiving special attention at the present time in accordance with the directives of the 23rd Congress of the C.P.S.U. and the decisions of the March 1965 Plenum. It is being dealt with in two different ways.

Present plans for the technical re-equipment of agriculture and the execution of a vast programme of irrigation, transport and road-building require a rise in the cultural and technical level of rural workers and the training of an ever-increasing number of skilled workers with specialised agricultural know-how. At the same time great attention is being given

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<sup>1</sup> *Narodnoe khozyaistvo v 1965 g.*, pp. 400-401.

<sup>2</sup> *Kommunist*, 1966, No. 2, p. 84.

to the expansion of services in the villages and to the extension of the network of state vocational and technical training schools which turn out skilled agricultural personnel.

This will be the main trend in employment policy for rural youth in the near future. The towns' capacity for absorbing the rural surplus is constantly decreasing as the demographic aftermath of the war is overcome. During the next few years the natural growth in the numbers of urban youth reaching working age will be considerably higher than hitherto, so that industry's diminishing labour demand can be met from the urban population. This does not, of course, mean a complete halt to the drift from the land. A certain proportion of the industrial demand will continue to be met by labour resources released from agriculture.

But this is only part of the general problem of the rational utilisation of labour resources in agriculture. Because of the specific requirements of agricultural production labour resources are fully occupied (and often even in short supply) only in summer and autumn, whereas at other times of the year there is a "seasonal surplus" of workers.

Under-utilisation of labour resources in agriculture is illustrated by the fact that in the winter months of 1960-63 an average of 9.5 million less workers were employed in the collective farms than in the summer months. Labour costs per man-day in the social (collective) economy during the winter months of that period were an average of 44 per cent. lower than in the summer.<sup>1</sup>

Yet at the same time there is a labour shortage in many economic regions during the harvest campaign, and the Government has to incur huge expenses in getting the urban population to help with agriculture every year. The total of these expenses has not been fully estimated, but it is certainly very large. According to figures that are far from complete, in 1960-63 a yearly average of 83 million man-days was worked by townspeople in agriculture; in the Moscow region alone the total was 4.5 to 5 million man-days.<sup>1</sup>

The problem of eliminating "seasonal labour" in agriculture is thus extremely important in the context of the national economy. At present the following solutions are being adopted: planned measures for attracting workers from collective and state farms during the slack period towards seasonal work in state enterprises, the development of subsidiary industrial undertakings and cottage industries on collective farms on a new technical and organisational basis, the over-all development of agricultural production in state and collective farms (livestock, market gardening, etc.), and the improvement of rural services. Of great importance for reducing seasonal labour (and particularly for overcoming the labour shortage during the seasonal peak without having recourse to the urban population) is the mechanisation of labour-intensive agricultural jobs.

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<sup>1</sup> *Kommunist*, 1965, No. 8, p. 65.

As a result of the measures adopted by the March 1965 Plenum of the Central Committee of the C.P.S.U. and the directives of the 23rd Congress more realistic conditions have been introduced into agriculture and the financial interest of farm workers has been increased. The drift to the towns had already slackened off considerably in 1965-66. According to the relationship which was discussed above between the growth in the volume of production and the productivity of labour, the numbers employed in agriculture must still fall slightly, by about 4 per cent. or a little more than 1 million, which is more than three times less than during the past seven years.

### **Changes in the structure of industrial employment by branch**

As noted above, the distribution of manpower among the different branches of industry plays a key role in the rational deployment of labour resources throughout the economy.

Industry is the leading and by far the most productive sector of the economy. It includes 30 per cent. of all those engaged in material production and accounts for 50 per cent. of the national income. Industrial undertakings produce more than half the total means of production in the Soviet Union.

To a certain extent changes in manpower distribution among the different branches of industry bring about structural improvements in social production and indeed in the economy as a whole.

Table VII shows changes in the distribution of industrial employment by branch over the period 1940 to 1965.

TABLE VII. DISTRIBUTION OF INDUSTRIAL EMPLOYMENT BY MAIN BRANCH,  
1940 TO 1965  
(Percentages)

Branch	1940	1950	1958	1965
<b>Industry as a whole . . . . .</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Electricity and thermal power production .	1.1	1.1	1.3	1.7
Iron and steel . . . . .	4.1	4.9	4.7	4.7
Coal . . . . .	4.4	6.0	6.2	4.6
Chemicals . . . . .	3.0	2.7	2.9	4.2
Engineering and metal-working . . . . .	25.8	27.2	29.1	34.1
Forestry, timber, cellulose and paper . .	16.0	14.9	13.1	10.9
Building materials . . . . .	3.0	4.7	6.4	6.3
Light industry . . . . .	23.4	17.7	18.0	16.8
Food processing . . . . .	11.6	10.4	9.8	9.4

Source: *Narodnoe khozyaistvo SSSR v 1965 g.*, p. 140; and *Promyshlennost SSSR*, Statsbornik, 1964, p. 141.



It will be seen that during the period there was a marked increase in the proportion of workers in heavy industry (electricity, engineering and metal-working, chemicals), whereas that in light industry and food processing decreased. In certain branches of heavy industry, particularly mining, there was a tendency for the proportion to fall.

These changes reflect the more rapid development of branches that have shown the most technical progress and have the highest labour productivity (e.g. engineering, chemicals). It is typical that the proportion of workers should have fallen in branches such as iron and steel, coal mining, timber, peat winning and other extractive branches where it is more difficult to acquire labour resources than in engineering or metal working.

Analysis of the dynamics of industrial employment shows that although the number of persons employed is still increasing, both absolutely and relatively, yet the rate of increase is less than hitherto. This means that, as a result of technical progress, industry's capacity for manpower absorption is diminishing, or that opportunities for the replacement of manpower are growing relatively more numerous. This is because technical progress brings with it a relative increase in expenditure on the means of production and a relative decrease in total wages. This is shown clearly by the figures in table VIII.

TABLE VIII. CHANGES IN THE PERCENTAGE DISTRIBUTION OF EXPENDITURE ON MEANS OF PRODUCTION AND WAGES IN DIFFERENT BRANCHES OF INDUSTRY, 1960 TO 1965

Branch	1960		1965	
	Expenditure on means of production	Expenditure on wage fund	Expenditure on means of production	Expenditure on wage fund
Chemicals, rubber and asbestos . . . . .	83.5	16.5	84.5	15.5
Iron and steel . . . . .	79.5	20.5	81.8	18.2
Coal . . . . .	48.2	51.8	55.1	44.9
Oil extraction . . . . .	76.7	23.3	81.0	19.0
Peat . . . . .	48.9	51.1	57.5	42.5
Engineering and metal working . . . . .	63.9	36.1	69.8	30.2

Source: *Narodnoe khozyaistvo SSSR v 1961 g.*, p. 240; *Narodnoe khozyaistvo SSSR v 1965 g.*, p. 165; and *Promyshlennost SSSR*, pp. 141, 159, 189 and 249.

The trend emerges still more clearly when the structure of expenditure on industrial production is compared over a period of 30 years (1933 to 1963). Thus the relationship between expenditure on the means of production and expenditure on the wage fund in the chemical, rubber and asbestos industry was 1.9 : 1 in 1933 and 9.7 : 1 in 1963; for the same two years in the iron and steel industry it was 1.8 : 1 and 4.3 : 1, in the coal industry 0.66 : 1 and 0.80 : 1, and in engineering 1.1 : 1 and 2.1 : 1.

From this it can be seen that when capital investment is planned for the development of different branches of the economy, the extent of employment must be calculated not only according to the amount of capital invested, but also according to its structure. For example every million of capital invested in engineering will provide employment for three to four times as many workers as it would if invested in chemicals or metallurgy.

Similarly, although the proportion of total capital investment allocated to branches like iron and steel and oil and gas increased during the period 1958-63, the proportion of workers in these branches dropped; in chemicals and engineering the share of employment increased, but not as fast as the increase in the share of capital investment.

In other words the rise in the proportion of capital investment is reflected in data on the proportion of production growth that is attributable to labour productivity. Thus, during the first five-year plan 51 per cent. of the total growth of industrial production was due to the increase in labour productivity, whereas for the period 1959-65 the corresponding figure was 66 per cent. Similarly, the percentage of the growth of industrial production attributable to increased employment has diminished, and the rate of growth of employment has slackened off.

However, although the rate of growth of employment has fallen by half (e.g. in industry from 9.3 per cent. annually in 1928-40 to only 4.4 per cent. in 1950-65), it is still considerably higher than the natural growth rate of labour resources. This has only been made possible by a significant redistribution of labour resources between the collective farms and the general state sector of the economy, and also between personal work (personal subsidiary plots and domestic work) and work for the collective.

The volume of industrial production during the current five-year plan (1966-70) is scheduled to increase 1.5 times, and labour productivity 1.33 to 1.35 times. This means that about 12 per cent. more industrial workers will be needed—considerably less in both absolute and relative terms than in the preceding five years (21.4 per cent.), although both the rate and the absolute volume of industrial production are increasing.<sup>1</sup>

The dynamics of employment growth will be more or less the same in the other branches of industrial production—transport and construction. In rail transport the growth in the production programme during the current five-year plan will be based on increased labour productivity. Here the growth in labour productivity (23 to 25 per cent.) is even slightly higher than the growth in the volume of production (22 per cent.). However in air and road transport employment will still increase considerably. Labour productivity in construction is scheduled to increase by 35 to 40 per cent., while the volume of production should go up by 47 per

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<sup>1</sup> *Voprosy ekonomiki*, 1966, No. 8, p. 32.

cent.; the number of construction workers will therefore have to increase by only about 7 per cent. during the five years.

As can be seen from the figures quoted, the number of workers employed in the main branches of material production during the current five-year plan will increase far more slowly than during the preceding period, which is a perfectly natural result of the growing part played by the rise in labour productivity in this sphere.

### **Technical progress and the redistribution of surplus manpower**

Technical progress and improvements in the organisation of work leading to higher labour productivity all help to produce a surplus of manpower, i.e. to bring about a situation in which more workers are employed than strictly required by the organisational and technical characteristics of the undertaking.

In the Soviet Union the problem of surplus manpower has arisen in different forms and with a different degree of urgency at the various stages of economic development, depending upon the size and type of surplus and on the general employment situation both in the country as a whole and in its various economic regions.

### **The problem of surplus manpower at earlier stages of development**

Before unemployment was eliminated in 1930 the problem of surplus manpower in the U.S.S.R. was a serious one. Because of limited employment opportunities surplus workers could not be found jobs outside their enterprises, and this in turn inevitably held up the introduction of technical and organisational innovations.

Experience soon showed that enterprises and even entire industrial combines were not able, by their own unaided efforts, to achieve the best possible redistribution of displaced workers and their re-employment in other enterprises and types of work. For this reason the Central Committee of the Party and the Government handed over responsibility for the problem to the labour authorities, who succeeded in organising a planned redeployment of redundant workers.

By the end of 1930 unemployment had been completely eliminated in the Soviet Union, and the problem of surplus manpower shifted to another plane—how to achieve the most rational utilisation of labour resources. In the first place, with the tremendous expansion of the leading branches of industry and of the demand for manpower, there was no longer any need for the painful process of getting the redundant workers out of production and away from the enterprises.

In addition, two developments gave the Government greater freedom of action in its manpower policy: massive housing construction made it



easier to find accommodation for redundant workers moving to new places of work and residence; and there was a great expansion of the network of state vocational and technical training schools and of efforts to train and retrain employees in industry for new and higher skills.

Subsequently the contrary trend began to emerge in many economic bodies, namely a tendency to retain surplus workers so as to insure against a possible labour shortage and keep a reserve of workers in hand for the fulfilment of the enterprise's plan, for example in case an interruption in supplies of material or machinery made a last minute crash-programme necessary, or in case workers were called away for seasonal agricultural work. This practice (which persists even today in enterprises that have not changed over to the new planning system) began to have an adverse effect on labour discipline, leading to increased labour turnover because of misuse of skilled personnel. It was a practice inconsistent with the full and rational utilisation of labour resources.

Consequently the Party and Government first placed responsibility for implementing manpower policy on the existing labour authorities. When these failed to show satisfactory results, they were abolished and their functions devolved upon the various ministries in charge of the different economic branches. The manpower departments of these ministries were thus made responsible for: planning the demand for labour according to the different branches and supplying it on the basis of a branch budget for skilled personnel and specialists; organising a system of training in industry and running upgrading courses paid for out of the ministry's budget; planning the redistribution of redundant workers from one undertaking to another in the same branch, retraining them and improving their skills; sending skilled workers and specialists from old-established enterprises in developed regions on long-term detachment to new enterprises in undeveloped regions; carrying out measures for stabilising the workforce in enterprises, etc.

The General Directorate for Migration and Organised Recruitment was entrusted with the function of recruiting workers for permanent jobs in the different branches of the economy and of resettling volunteers in regions with a labour shortage.

Finally the Ministry of Higher Education, the Ministry of Technical Education and the General Directorate for Labour Reserves were made responsible for training skilled personnel and specialists and finding them jobs in accordance with the national economic plan, as well as for planning and supervising the utilisation of skilled manpower. Unfortunately, when the labour bodies were abolished, certain very important functions vanished with them, for example the collection of current statistics on the movement of workers, including redundant workers, and the system of employment counselling and guidance as well as several others.

But abolition of the labour bodies did not mean that all forms of organised redistribution and rational utilisation of labour came to a stop.

On the contrary, new planning measures were introduced in order to draw more able-bodied persons into the labour force and to distribute them according to their qualifications among the different economic branches and the different regions of the country. These organised forms of labour redistribution still exist today. They are constantly being improved in the light of the latest requirements of economic development.

### **Present forms of labour redistribution**

The central economic bodies and their manpower departments play an important part, within their respective branches, in the distribution of manpower, in initial and further training and in supervising manpower utilisation.

They detect surplus manpower and help the competent departments of undertakings to re-allocate it to other undertakings in the branch and to provide the necessary retraining. However, in the conditions obtaining until recently, under which economic activity was strictly regulated and undertakings were subject to many centrally imposed indices—one of which concerned labour force—the detection of surpluses amounted in most cases to checking whether there was any excess over the planned figures. In practice there were many imperfections in planning the number of workers per undertaking; this was often calculated on the basis of the number employed in the past, so that in fact the planned numbers contained a concealed manpower surplus.

The existence of these concealed surpluses was due in the first place, to the lack of any financial incentive for enterprises to release manpower, and in the second place to the limited opportunities for increasing employment in small and medium-sized towns where large labour reserves were working personal subsidiary plots, and which had remained underdeveloped because poorly planned investment had led to economically unjustified cuts in the activity of producers' co-operatives and local industry.

Besides this, until recently most workers made redundant by technical progress and improvements in the organisation of work were transferred to other jobs in the same undertaking, for example from unskilled and under-mechanised jobs to skilled jobs or highly mechanised and automated jobs, as well as to jobs in the same trade in expanding departments of the undertaking.

The number of internal transfers involving changes of trade made as a result of technical progress in recent years in certain branches can be estimated from the figures contained in the four-yearly returns of distribution by trade of workers in industry, transport and construction.

For example these returns show that between 1959 and 1962 the number of workers in thermal and hydro-electric power stations increased

by a third. During the same period the number of stokers manning solid-fuel boilers with manual or automatic feed fell from 7,349 to 6,043, while the number of steam and gas turbine operators in turbine shops without automatic or remote control equipment fell from 6,957 to 3,213. On the other hand, the number of steam and gas turbine operators in turbine shops with automatic and remote control equipment rose from 2,529 to 3,219. These changes were the result of increased automation in the control and regulation of electric power plants.

Following considerable technical re-equipment on the railways, there has been a sharp drop in the numbers of steam locomotive drivers and assistant drivers, stokers and pointsmen. But at the same time demand has increased for diesel locomotive drivers and their assistants as well as for electric locomotive drivers. In the three years from 1959 to 1962 the number of steam locomotive drivers dropped from 79,000 to 64,500, that of steam locomotive assistant drivers from 79,000 to 64,000, and that of stokers from 43,600 to 27,300. Meanwhile the number of diesel locomotive enginemen increased from 7,500 to 19,000 and that of electric locomotive enginemen from 7,000 to 12,900, while the number of assistant drivers rose from 9,500 to 20,000 and from 7,100 to 12,700 for the two types of locomotive respectively.

In urban passenger transport the introduction of an advanced system of servicing and automatic control has reduced the number of employees required.

In Moscow alone, after the change-over to ticket machines, during the period 1959-63 the number of conductors dropped to one-sixth on tramways, to one-thirtieth on trolley-buses and to less than one-third on motor-buses. On the Moscow underground the number of ticket collectors also dropped when an automatic control system was introduced.

In chemicals and oil refining, although the absolute number of workers increased, there was a sharp drop in unskilled workers and a considerable increase in highly skilled workers like electricians, maintenance men, console operators, etc.

In the building industry the use of prefabrication and the mechanisation of transport and earth-moving has led to a fall in the number of carpenters, bricklayers, joiners and workers employed in heavy physical labour (loaders, labourers, etc.). Simultaneously there has been a rise in the number of workers directly involved in jobs like crane-driving, automatic loading, driving, electric and gas welding, and plumbing. Besides this, the number of workers has increased in the making of reinforced concrete and in factories producing prefabricated elements.

In certain branches where there has been a great deal of mechanisation of labour-intensive processes the result has been an absolute fall in the numbers employed. Thus in the lumber industry various loading and transport operations employed 112,000 fewer workers in 1962 than in 1958. Similarly, in the peat industry, introduction of modern methods



and mechanisation led to a reduction in the labour force of 46,400 during the same period.<sup>1</sup>

It should be remembered that production in these particular branches was seasonal in nature, and working conditions were relatively harder and the level of skill lower than in other branches of industry. It was very difficult to find enough labour for them, and recruitment campaigns had to be organised among the rural population for temporary work. Reduction of the labour force in these branches was thus effected without difficulty and did not involve any advance planning.

For other branches of the economy special government resolutions were adopted with regard to the transfer of displaced workers from one undertaking to another, and to their remuneration during retraining and full-time training for a second trade.

In this connection a resolution of the Council of Ministers of the U.S.S.R. dated 21 December 1961 laid down that skilled workers leaving an established enterprise for a new one are entitled, for a transitional period of adaptation not exceeding three months, to their average former wage if the wage for the new job is lower.

The organisation of training and retraining for displaced workers and the rates payable during this period are subject to government regulation. Training is provided either in the enterprise itself in the form of special technical courses, or at the enterprise's expense in special training centres run by the manpower departments of the ministries and other authorities. The courses last not longer than six months for part-time training or three months for full-time training.

In the case of three-month full-time retraining or training for a second trade, a government resolution of 10 December 1959 lays down the following pay scale: for the first month of training, 100 per cent. of the average wage during the last three months at work; for the second month, 70 per cent.; and for the third month, 40 per cent.<sup>2</sup>

In the case of retraining for particularly complex jobs (as well as for engineers and technicians) the wage scale and length of training are determined by the department concerned in agreement with the central trade union council. For example in rail transport, as a result of the widespread replacement of steam locomotives by electric and diesel locomotives, a huge retraining programme was required. Special one-year courses were organised for the purpose by the Ministry of Transport, with a pay scale of not more than half the former average monthly wage (provided this was at least 200 roubles).

In this way the costs of retraining labour are borne in some cases not only by society as a whole, i.e. by the State and state enterprises, but also by individual members of society—the workers who are being retrained.

<sup>1</sup> *Promyshlennost SSSR* (Moscow, 1964), p. 186.

<sup>2</sup> *Spravochnik ekonomista po trudu* (Minsk, 1965), pp. 286-287.

It seems to us that the principle of not retaining full wages when there is no question of unemployment should be extended to more groups of workers requiring retraining as a result of technical progress, in order to obviate the risk of a certain degree of dependency on the State for lack of sufficient incentive to change jobs.

The experience of the past few years has shown that in many cases the redistribution of redundant workers and employees has met with certain difficulties. This is particularly true when older and married workers are retrained and when workers move to new jobs which involve a change of residence (for example transfer to the northern and newly developed regions), and also when the change is to lighter, but lower-paid work, for example when women are withdrawn from work below ground owing to health regulations.

For this reason, when it becomes necessary to reduce the workforce of an enterprise section 47 (a) of the Labour Code is taken as a guide. According to this section, at equal levels of skill, workers with two or more dependants, those with no other wage earners in the family, war veterans and certain others have a preferential claim to retain their jobs.

The central economic bodies make great efforts to recruit and retain personnel for enterprises and institutions in the northern and eastern regions of the Soviet Union, which, though rich in natural resources, are short of labour. For the purpose considerable use is made of a system of material incentives and concessions laid down in an ordinance of the Presidium of the Supreme Soviet of the U.S.S.R. dated 18 February 1960. This ordinance, which provides for different levels of supplements for three categories of territories, based on severity of climate and degree of isolation, lays down the following scale of monthly wage supplements (excluding district co-efficient and long-service bonus): for districts in the first category—10 per cent. of wages after the first six months, plus a further 10 per cent. for every subsequent period of six months; for districts in the second category—10 per cent. of wages after the first year, plus a further 10 per cent. for each subsequent year; for districts in the third category—10 per cent. of wages after the first two years, plus a further 10 per cent. for every subsequent period of two years.

Workers and employees in the regions of the Far North (categories I and II) get an extra 18 working days' holiday per year, while those employed in regions equivalent to those of the Far North (category III) get 12 working days. Once every three years travelling time is granted over and above normal leave and rail fares are paid.

Besides this there is a high scale of lump-sum grants and per diem allowances when people move to work in the northern and eastern regions; there is a preferential assessment of length of service for the award of old-age and sickness pensions (one year's work being counted as a year and six months); there is a preferential scale of compensation for temporary incapacity for work; full travel expenses are paid for the



worker and his family to the new place of work; and there are various other benefits.<sup>1</sup>

In 1962 in the regions of the Far North, 643 roubles was paid out per worker in supplements and benefits (amounting to 27.4 per cent. of his wages).

The system of special benefits for workers in the northern and eastern regions has been of great utility in attracting labour resources from the western and central regions. During the past seven years more than 300,000 workers have been recruited for permanent jobs in industry, construction, transport and agriculture in Siberia and the Far East alone.<sup>2</sup>

Yet analysis of migration in the U.S.S.R. shows that the number of people settling permanently in the northern and eastern regions is negligible. During the last few years there has been an increase in people leaving Siberia and the Far East. In some regions (Western Siberia) emigration has exceeded immigration. The main reason for this is the difference in the standard of living in the northern and eastern regions as compared with other parts of the country. Calculations made by the Institute of Economics and Industrial Organisation of the Academy of Sciences, show that the cost of living (as a result of extra expenses for heating, footwear, clothing, food, etc.) was 9 per cent. higher in Western Siberia than in the centre, and 20 per cent. higher than in the Northern Caucasus; for Eastern Siberia the corresponding figures were 20 and 31 per cent., and for the Far East 28 and 41 per cent.<sup>2</sup> Although the nominal wage level for workers in the northern and eastern regions was higher than that in the central and southern regions and did to a considerable extent make up for the difference in cost of living, this has not proved adequate to build up a permanent labour force in Siberia, the Far East and the North. High nominal wages may help to *attract* people to these areas, but they do not long suffice to persuade people to stay there and settle down.

Of course this does not mean that the question of raising the nominal wage of these workers is of secondary importance: to ignore this might well have an adverse effect on recruitment for these regions. For example the reduction in the benefits granted to workers in the northern and eastern regions up to 1956 led to a serious increase in migration from these areas to other parts of the country.

What is needed to achieve a stable redistribution of labour resources in favour of the eastern regions is to give these regions a higher standard of living than other parts of the country, particularly by improving housing conditions and raising the level of social and cultural amenities.

In the present five-year plan, in accordance with directives of the 23rd Congress of the C.P.S.U., district co-efficients are to be applied to workers and employees in the Far East, Siberia and the European North

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<sup>1</sup> *Sbornik zakonodatelnykh aktov o trude* (Moscow, 1966), p. 404.

<sup>2</sup> *Planovoe khozyaistvo*, 1966, No. 10, pp. 17-22.



who are not at present entitled to them (in particular in the service industries). However, it is of the utmost importance to plan for faster-than-average rates of development of housing and other social and cultural amenities.

It should be pointed out that the redistribution of labour in the Soviet Union is taking place against a background of general manpower shortage, not only in the eastern regions but also in many other parts of the country, particularly in nearly all the large industrial centres, in the Baltic republics, etc. It would therefore be wrong to suppose that the urgency with which the problem of labour redistribution is being tackled in the U.S.S.R. is in any way due to the appearance of unemployment. Indeed, in dealing with the deployment and redeployment of labour, Soviet economic authorities have been faced with a far greater shortage of manpower in particular branches and in particular occupations than at any earlier stage of socialist development, even where the over-all supply of manpower is adequate.

At present the greatest labour shortages are in the most exacting manual and piece-rated jobs in production (particularly in hot processes and in machine-tool work) and in the low-paid jobs in services (auxiliary nurses, salesmen, cashiers, and labourers). Workers for this type of job are in particularly short supply in the huge industrial centres, in the eastern regions and in the Baltic republics (with one or two exceptions), regions where there is an over-all local labour shortage. It is precisely in jobs like these that there is a high degree of turnover labour, particularly among younger people.

What is needed in order to overcome the present labour shortage is stronger material and moral incentives and a radical improvement in working conditions. That is why the current five-year plan provides for an increase in wage rates for workers in heavy and dangerous jobs, in underground jobs and in particularly exacting jobs. A solution is being sought through greater differentiation of basic wage rates taking account of all the working conditions involved in particular jobs and through extension of the range of benefits for those exposed to unpleasant conditions of work. The authorities responsible for finding employment for young people and women, for those engaged in domestic work and in personal subsidiary plots, and for workers displaced as a result of technical progress, have been greatly helped in their work by the employment committees set up in post-war years by the local soviets and comprising representatives of the soviets and of the Party. The special concern of these committees is to organise the placement of secondary school leavers, for which purpose they prepare employment plans for enterprises and other employing organisations of all branches in order to bring their staffing quotas up to strength.

The new system of planning and material incentives for production provides real opportunities for local initiative in the deployment and

utilisation of the workforce. The general introduction of this system will result in a reduction not only in the visible labour surplus in the different enterprises but also in the concealed one, since the employees will themselves have a material interest in getting this done. For this purpose it is proposed to use the portion of the wage fund economised as a result of reductions in the workforce to increase material incentives in the form both of various additional payments for the workers who retain their jobs and of retraining for the displaced workers. For example when cuts are made to reduce the workforce to the level required for efficient operation the resulting savings in the wage fund (calculated as a percentage of plan fulfilment) will be used to pay the workers taking over a second job up to 30 per cent. of the wage of the workers they replace. Getting rid of surplus manpower naturally reduces non-productive expenses included in the cost of production and increases profits which, under the new system, are to be used to create a special material incentive fund out of which bonuses will be paid to engineers, technicians and other employees. This gives the management of an enterprise an incentive to cut the workforce. Redundant workers, for their part, have every interest in undergoing retraining and learning new trades so that they can work in new and expanding enterprises where there are better prospects for promotion.

However, full realisation of all the possibilities for retraining redundant workers and transferring them to other undertakings calls for far-reaching improvements in the existing systems of manpower redistribution. These systems are not yet sufficiently co-ordinated, which involves society in a certain amount of unnecessary expense. It is for this reason that special labour bodies have been set up (namely the committees for the utilisation of labour resources, under the Councils of Ministers of the Union Republics) and made responsible for: co-ordinating all work on the planning of manpower requirements; drawing up the over-all labour budget in the country and in the economic regions and towns; planning employment for all able-bodied persons (including young people, women, people engaged in personal subsidiary plots and domestic work, etc.); redistributing labour resources according to branch and area; keeping records of mobility and migration; organising careers guidance for young people; and deciding many other questions connected with the rational utilisation of the country's labour resources.

At the same time the new system of planning and economic incentives has created a favourable climate for the constitution of a stable workforce, thanks to the long-service bonuses based on the financial results of the enterprise and to other incentives which it has introduced.

It may be concluded, therefore, that the economic reform will also help to perfect the system of manpower redistribution and achieve the rational utilisation of manpower in the U.S.S.R.

# Local Labour Inspection in Norway

Berger ULSAKER <sup>1</sup>

## History and background

IT IS generally accepted that the implementation of legal provisions relating to conditions of work and the protection of workers should be supervised by a public system of labour inspection. The I.L.O.'s Labour Inspection Convention, 1947, clearly provides for the inspection of workplaces as often and as thoroughly as is necessary to ensure the effective application of these provisions.

National authorities wishing to establish an effective system of labour inspection are faced with a number of problems, including the need to take into account the administrative structure of the country and to achieve the best organisation possible within the limits imposed by the economy.

Norway's first labour protection Act was enacted in 1892. The population at that time totalled little over 2 million; there were few towns and a large proportion of the inhabitants was scattered sparsely over the rural areas. It is worth recalling that while the total area of the country is 324,000 square kilometres (126,000 square miles), one-third of this area lies north of the Arctic Circle. Moreover, the distance from the southernmost point of the country to the northernmost is 1,752 kilometres (1,091 miles), it is split up by mountains and numerous fjords and lakes, and only a limited area is suitable for permanent residence.

As a result of these geographical features, communications between the different regions of the country were inadequate and expensive. All these factors necessitated the early development of a system of local government units—communes—in both urban and rural areas. Such a system was established by law in 1837 and was based on the principle that local authorities might undertake any activity not expressly prohibited or reserved to another authority. The powers of the commune council included that of assessing taxes on income and property.

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<sup>1</sup> Head of the Department of Labour of the Norwegian Ministry of Local Government and Labour.



Probably as a natural consequence of the country's administrative structure the Labour Protection Act of 1892 provided for a labour inspection system which, on the one hand, consisted of state inspectors belonging to the national administration, and, on the other, delegated some responsibilities in the field of inspection to bodies connected with the local authorities. Under this Act two state labour inspectors, paid by the national government, were appointed; local inspection duties were assigned to the chairman of each standing commune health committee, who was the local medical officer, and to one other member of the health committee, elected by the committee itself. The commune council had the option, if it so wished, of establishing a separate labour inspection committee consisting of at least two men, elected by the council, and presided over by the chairman of the commune health committee or by another medical practitioner elected by the council.

The principle of local labour inspectorates forming part of the commune administration has been maintained ever since 1892 and was developed further when the Labour Protection Act was revised in 1909: it was then decided that permanent commune labour inspectorates, separate from the health committees, should be set up throughout the country.

In subsequent years the efficiency of this system has been questioned. In this connection it should be mentioned that while the original Labour Protection Act of 1892 covered solely manufacturing industries, which had by then reached only a modest stage of development, the scope of the law was later progressively widened to cover employees of undertakings in nearly all sectors of the economy, irrespective of the size of the undertakings. Consequently the number of workplaces supervised by the labour inspectorate has risen considerably since 1892. Moreover, owing to technological developments in industry, labour inspectors have been faced with increasingly varied and complex problems. In order to meet the needs of the situation, the staff of the state labour inspectorate has had to be increased and experts in various fields have had to be recruited. However, it has throughout been felt that it was both necessary and appropriate to maintain the system of commune inspectorates.

The considerable human and economic interest which attaches to a labour inspection system led the Government to appoint a Royal Commission in 1963, whose terms of reference were to evaluate the efficiency and adequacy of the present system and, if it appeared necessary, to suggest improvements. The Commission, on which the main employers' and workers' organisations were represented, submitted its report on 29 April 1966<sup>1</sup>, and the proposals contained therein are, at the time of

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<sup>1</sup> *Innstilling om Arbeidstilsynet og dets virksomhet, avgitt 29 april 1966 av Arbeidstilsynskomiteen, oppnevnt ved Kronprinsregentens resolusjon 8 november 1963* (Report on the labour inspection system and its activities) (Oslo, Ministry of Local Government and Labour, 1966).

writing, being considered by the responsible ministries. The proposals are briefly summarised later in this article.

### **The state labour inspection system**

At the apex of the system is the Directorate of Labour Inspection. Its Director, who heads the labour inspection system in its entirety, is appointed by the Crown and is responsible to the Ministry of Local Government and Labour. The Directorate is divided into administrative and legal, technical, and medical departments, and there are special branches dealing with the employment of women, children and young persons; agriculture; logging and timber floating; docks; and steam boilers.

Partly for the purpose of assisting the various organs of the labour inspectorate, three institutes for occupational research have been set up, namely the Institute of Industrial Medicine, the Institute of Occupational Physiology, and the Institute of Occupational Psychology. These institutes can be called upon to help the inspectorate in the investigation of special or complex cases. As for their research projects, some of these are undertaken on the initiative of the institutes themselves, while others are carried out at the request of public bodies or employers' and workers' organisations.

For inspection purposes the country is divided into nine districts. The main tasks of the district inspectorates are to inspect workplaces, to advise managements of undertakings, and to co-operate with and give advice to the commune labour inspectorates.

The staffs of the Directorate of Labour Inspection, the nine district inspectorates and the three occupational research institutes are civil servants. They are selected in accordance with the needs of the inspectorate for experts in various fields and include engineers, doctors, persons with legal training, and so on. At the time of writing, the staff of the Directorate numbered 51, that of the district inspectorates 55, and that of the three research institutes 40.

### **The local labour inspection system**

The country is divided into 454 communes, 47 of which are towns and the rest rural districts. According to the Workers' Protection Act of 7 December 1956<sup>1</sup>, a commune labour inspectorate consisting of not less than four members and a like number of personal substitutes is to be elected by every commune council for the council's term of office (four years).

At least one member of the commune labour inspectorate must be an employee, and at least one must be a woman. A medical practitioner

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<sup>1</sup> I.L.O.: *Legislative Series*, 1956—Nor. 2.

practising in the locality should also be a member. When the election takes place care must be taken to ensure that at least one of the persons elected has expert knowledge of machinery and its operation, and that the members of the inspectorate include persons with experience in the most important sectors of industrial activity in the commune. To fulfil these requirements it is often necessary for the inspectorate to consist of more than four members.

Not less than one month before the election of the inspectorate the commune council announces how many of the members must be employees, and invites the persons employed in establishments situated in the commune and their organisations to submit candidates for election as employee members and substitutes.

The chairman and vice-chairman are chosen by the commune council from among the members of the inspectorate. In communes where it is necessary, a permanent chairman may be appointed. As a rule the observations of the Directorate of Labour Inspection must be obtained before a permanent chairman is appointed. The commune may also appoint inspectors and other permanent personnel for the commune inspectorate.

Oslo—which, with 483,000 inhabitants, is the largest town in the country—has appointed a permanent chairman of the labour inspectorate and has engaged a total of 23 permanent staff. Only a few other communes have done likewise. Eight have appointed permanent chairmen and 23 have engaged permanent staff.

The commune council fixes an annual allowance for the chairman, which must be reasonably proportionate to the work done. The Ministry of Local Government and Labour has recommended that local councils pay reasonable allowances to other members of the commune inspectorates if the work they have to do is deemed to be considerable. The commune defrays these and other expenses incurred in the functioning of the labour inspectorates, such as the remuneration of permanent staff, the cost of premises and of transport. However, travelling expenses for the chairman of the inspectorate are defrayed by the state Treasury.

General instructions concerning the functioning of commune labour inspectorates are issued by Royal Decree. The main content of the instructions so far issued is summarised below.

Every commune labour inspectorate forms part of the entire Norwegian labour inspection system. Within the borders of the commune the commune labour inspectorate has, in principle, responsibilities for the same matters as those supervised by the state labour inspectorate. Its duty is to follow general and special regulations and instructions issued by the Ministry of Local Government and Labour or by the state labour inspectorate (the Directorate of Labour Inspection or district inspectors).

In the first place, it has the task of seeing that workplaces are so installed and maintained, and that the work is so arranged and carried



out, that the employees are protected against danger to life and health as effectively and suitably as the circumstances permit. Further, it must supervise the observance of legal provisions concerning overtime, rest breaks and weekly rest periods, as well as of special regulations regarding the employment of children and young persons. It is under an obligation to send, without previous warning, one or more of its members or permanent staff to inspect workplaces as often as may be necessary to secure observance of the law.

Commune inspectorates and their staff must work in close co-operation with the state district inspectorate and under the latter's guidance and control. If required to do so, they must assist the state district inspector in collecting information and evidence and, should it prove necessary, hold personal consultations with him. Members of commune inspectorates may also be required to undertake the inspection of workplaces jointly with state inspectors.

The commune inspectorate and its staff must carry out their work impartially and bear in mind the need to try to convince employers and workers of the value of labour protection regulations. Visits to workplaces may be undertaken at any time, whether during normal working hours or not. They may include interviews with representatives of both management and employees.

If a commune inspector considers that improvements in the hygiene and safety conditions of a workplace are necessary, he draws the attention of the management to the matter and recommends that the improvements be made within a specific time-limit. If a further visit to the undertaking reveals that the inspector's recommendations have not been followed, the matter comes before a meeting of the commune inspectorate. The latter has the power to issue instructions which are legally binding on the undertaking. Such instructions must be given in writing, and information about the case must immediately be sent to the state district inspectorate. When issuing the instructions the commune inspectorate fixes a time-limit for compliance. When the time-limit has expired, the inspectorate pays a visit to the undertaking to check whether its instructions have been complied with. The inspectorate may, if imminent danger so warrants, require that the necessary protective measures be taken immediately.

If a local inspector becomes aware of punishable infringements of laws and regulations, he immediately informs the chairman of the commune inspectorate who in turn informs the state inspectorate.

If the commune inspectorate becomes aware—through complaints or otherwise—of an infringement of laws, regulations, or instructions issued by it, it must immediately investigate the matter.

As soon as the commune inspectorate receives a report of an accident or a case of occupational disease, or has otherwise been informed of one, it must carry out a detailed examination of the causes and consequences.

The results of this examination are reported to the state district inspector. If the accident has resulted in death or severe injury, the commune inspectorate must inform the district inspector immediately, if possible by telegram or telephone, without awaiting the completion of its examination of the case.

The commune inspectorate has the power, within certain limits, to grant exemptions from the regulations concerning hours of work. In urgent cases this power may be exercised provisionally by the chairman, who must submit the matter in question to the inspectorate as soon as possible and also report it to the state district inspectorate.

The commune inspectorate submits an annual report on its activities to the state district inspector.

### **The Royal Commission's report**

In its report the Royal Commission of 1963 emphasised that the regulations on the co-ordination of the activities of the state labour inspectorate with those of the commune inspectorates had not been sufficiently clear and detailed. It found that many of the commune inspectorates had been very inactive and had in some cases not carried out the inspection of workplaces in a rational manner. Having stated this, however, the Commission considered it appropriate to point out that there were many commune inspectorates which supervised workplaces effectively and well. These inspectorates maintained useful contact and co-operation with the organs of the state labour inspectorate despite the lack of precise regulations concerning the co-ordination of inspection work. The same was true of communes where an office had been set up by the local inspectorate and where permanent staff had been engaged to carry out inspections.

Although it recognised that there might be advantages in transferring all responsibility for supervision to a comprehensive state inspection system, the Commission concluded its observations on this point by recommending the maintenance of the local labour inspection system. It drew attention to the close links between this system and the Norwegian system of local government, and it considered it of great importance that in each commune there should be people under an obligation to take part in labour inspection work.

However, it stressed the need to find ways of making the work of commune inspectorates more effective. Its main proposals are as follows:

(1) Relatively large communes should be required to appoint permanent chairmen of their respective inspectorates.

(2) Such communes should further be required to engage permanent inspection staff and to establish offices for the commune inspectorate and its staff.

(3) The Directorate of Labour Inspection should issue strict instructions to state district inspectors to co-ordinate their activities with the work of the commune inspectorates.

(4) The obligation of state district inspectors to provide guidance to commune inspectorates should be given practical effect, for example, by means of conferences and courses; it should be compulsory for members of commune inspectorates to take part in such activities.

(5) Members of commune inspectorates and their permanent staff should be instructed to co-operate closely with the managements and employees of undertakings, and particularly with the hygiene and safety committees.

(6) Consideration should be given to the possibility of the State's defraying, in whole or in part, the increase in expenses which would be incurred by the communes if the Commission's proposals were adopted.

(7) The staff of the state labour inspectorate should be increased.

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Earlier in this article it was explained that the Norwegian system of labour inspection was initially based largely on labour inspection committees elected by the commune councils and hence closely linked to the traditional system of local government. Subsequently considerable efforts have been made to develop the state labour inspectorate by establishing a central headquarters—the Directorate of Labour Inspection—and district inspectorates. Expert assistance is given by the state research institutes. Thus the complete labour inspection system includes both a state inspectorate and commune inspectorates linked with local government. The two parts are held together by regulations and instructions issued by the national authorities.

Although one can point to weaknesses in the functioning of the system, the general opinion in Norway is that it should be maintained. Moreover, as already mentioned, this opinion was supported by the Royal Commission of 1963, which laid stress on the links between the inspection system and local government. In general, there would seem to be advantages in involving the local population in local bodies concerned with public matters which can be properly dealt with at that level. It is considered of value that in each of Norway's 454 communes there are persons with powers and responsibilities in matters of labour inspection.

It is relevant to recall that out of a population of some 3.6 million about 1.5 million persons live in sparsely populated areas. Distances between communities are often very great, especially in the northern part of the country, and a large number of undertakings are therefore remote from



the places where the offices of the nine state district inspectorates are located.

However, there is no doubt that a dual system such as that of Norway requires special efforts to co-ordinate the work of the various bodies within the system if efficiency is to be increased. This point was emphasised by the Royal Commission and is reflected in its proposals for improving the system.

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## CURRENT INFORMATION

### New social security legislation in Venezuela

On 1 January 1967 a new social insurance Act, published on 11 July 1966, came into effect. The system established by this Act replaces that in force since 1940, which provided coverage for sickness, maternity, and occupational risks.<sup>1</sup> Its main purpose is to extend this coverage to disability, old age and death, within a general system of social security.

Persons working under an employment contract or by virtue of an employment relationship are subject to compulsory social insurance, whatever their wages or hours of work. So also are members of production and servicing co-operatives and members of workers' administrations. The national authorities will define the conditions governing application of the scheme to bodies of this kind.

Civil servants, municipal employees, and the employees of autonomous bodies of a public character are entitled to cash benefits for total or partial invalidity and for old age, and also to survivors' allowances and marriage grants. Benefits in the form of medical care and cash benefits for temporary incapacity will be granted when the national authorities consider this appropriate.

The following will, for the time being, remain outside the scope of this new legislation, until such time as the national authorities have decided on the circumstances in which they must be insured: homeworkers whose con-

ditions of work are not comparable with those of ordinary workers, temporary workers, and workers doing occasional work outside the undertaking in which they are normally employed or in a branch of activity other than that in which their employer is engaged.

Members of the Venezuelan armed forces will, as before, be subject to special regulations.

The national authorities will lay down rules for the optional insurance of independent workers. The Act specifies that persons who have paid at least 250 weekly insurance contributions within the preceding ten years may continue to enjoy insurance coverage if they so desire.

On the date of its entry into force, the new legislation became binding in all areas in which the previous social insurance system had been effective, and the national authorities will extend it little by little to other areas and to other classes of undertaking and groups of employers and workers. However, cash benefits for invalidity, old age, and death, together with marriage grants, are payable to civil servants, municipal employees and to the employees of autonomous public bodies throughout the country.

The insurance scheme provides for: (a) full medical care; (b) cash benefits for temporary incapacity; and (c) cash benefits for partial or total invalidity, old age, and death, and in the event of marriage.

There is also provision for studying the possibility of extending the scheme to cover the risk of unemployment.

<sup>1</sup> I.L.O.: *Legislative Series*, 1951—Ven. 2.

The following are recognised as entitled to full medical care: persons insured under the scheme, members of their families as laid down in the regulations, and unmarried wives if there is no legitimate spouse, together with persons enjoying old-age, invalidity or survivors' benefits, and members of the family of persons drawing old-age or invalidity pensions. Medical care is provided in the event of accident or illness regardless of origin, and in the event of maternity.

An insured person is entitled in each case to an allowance from the fourth day of incapacity up to a total of 52 weeks, after which he may continue to receive the allowance and also medical care, provided a medical opinion is given that he is likely to recover.

Female insured persons are entitled to an allowance during the six weeks preceding, and the six weeks following, confinement.

The regulations will specify the benefits payable in the event of temporary incapacity.

A disabled or invalid insured person shall be entitled to a pension, provided he has paid at least 100 weekly insurance contributions in the three years preceding invalidity and a minimum total of 250 weekly contributions; this last figure may be reduced by 20 for every year the person concerned still has to go before reaching the age of 35. There is no requirement regarding the payment of previous contributions if invalidity is the result of an occupational accident or disease. Nor is there any such requirement if the person has been a victim of an ordinary accident, providing that on the day it occurred he was subject to compulsory insurance. Any insured person losing more than two-thirds of his working

capacity, permanently or for a long period, is considered an invalid.

The pension is made up of a basic sum which is the same for all pensions and will be specified in the regulations, plus 30 per cent. of the reference wage and 1 per cent. of this wage for every 50 weekly contributions in excess of 750. The pension may not be less than 40 per cent. of the reference wage. Invalidity of a particularly crippling kind may entitle the person concerned to a pension of as much as 50 per cent. of this wage.

A lump-sum benefit will be paid to any invalid not entitled to a pension, provided he has paid at least 100 weekly contributions within the four years before becoming an invalid.

An insured person who by reason of an occupational accident or disease (or of an ordinary accident if he was subject to compulsory insurance) loses more than 25 per cent. and less than two-thirds of his working capacity, is entitled to a pension in the same ratio to the pension he would have been entitled to in the event of total invalidity as is the degree of his disability to total invalidity.

For disability between 5 and 25 per cent. a lump-sum benefit is paid.

The Venezuelan Social Insurance Institute is responsible for prescribing medical examinations, treatment, and rehabilitation exercises designed to prevent, delay, or diminish invalidity or incapacity for work.

The insured person is entitled to a pension at the age of 60 (if a man), or of 55 (if a woman), provided he or she has paid at least 750 weekly insurance contributions. Persons working in unhealthy conditions or doing work liable to cause premature aging are entitled to a pension at an earlier age.

The level of the pension will be calculated as in the case of an inva-



lidity pension and will be increased by 5 per cent. for every year during which the person concerned has not drawn his or her pension after reaching the age mentioned above.

A lump-sum benefit will be paid to anybody reaching the prescribed age without having paid a total of 750 weekly contributions, unless he should prefer to wait until this condition has been fulfilled.

An insured person who marries and has paid at least 100 weekly contributions within the previous three years shall receive a grant to be specified in the regulations; it will not be less than 300 bolívares. A widow or unmarried wife who loses her widow's pension on marriage will receive a lump sum equal to two years' pension.

The following will be entitled to survivors' pensions: a widow or, in her absence, an unmarried wife of any age, if there are children not yet of age or if she is more than 45 years old and has no children; unmarried children under 14 years (or 18 if students), or of any age if infirm; a widower aged 60 or invalid, if dependent on the female beneficiary. A widow or unmarried wife under 45 and not entitled to a pension will receive a lump sum equivalent to two annual instalments of the pension she would have enjoyed.

If there are no relatives thus entitled to a pension, a lump sum will be paid to the brothers and sisters under 14 or to the mother or to the father, in that order of preference, providing these persons were maintained by the person insured.

To give rise to the payment of a survivor's pension, the insured person must have been drawing an old-age or invalid's pension, or have paid at least 750 weekly contributions or have qualified at the time of death for an invalid's pension, or have died by

reason of an occupational accident or disease, or as a result of an ordinary accident provided he was subject to compulsory insurance. For a sole survivor the pension is equivalent to 40 per cent. of the deceased's pension or of the pension he would have drawn for old age or invalidity. For each additional beneficiary the pension is increased by 20 per cent. up to a maximum of 100 per cent.

Should the insured person die without fulfilling the conditions necessary for the payment of a pension to his survivors but having paid at least 100 weekly contributions in the previous four years, his relatives who would have been entitled to a pension will receive a lump-sum benefit.

The death of an active insured person or of an insured person drawing an old-age or invalidity pension constitutes entitlement to the payment of funeral expenses of not less than 300 bolívares.

If, as a result of variations in the cost of living, there is a substantial rise in the general level of the wages earned by the persons insured, the limit applicable to earnings subject to contributions will be reviewed, together with the level of benefits including pensions already being paid, in order to maintain benefits at a realistic level.

Foreign nationals entitled to pensions who have their permanent residence outside the country may apply for commutation of their pensions into a lump sum as specified in the regulations; this sum will be variable, but may not exceed five annual instalments of the pension thus commuted, unless, by international agreement, other arrangements are made for payment of the pensions in question.

Undertakings operating pension systems for their staff are entitled to

deduct an amount equivalent to the pensions paid by the social security scheme from the retirement pensions paid by them. The national authorities will decide in what manner the Venezuelan Social Security Institute may continue to pay the pensions now being drawn by civil servants.

Whenever the social insurance scheme is extended to another area or group of workers, the persons in that area or group who join the scheme for the first time and can adduce evidence of not less than 50 weekly contributions paid during the first two years shall be deemed to have paid 20 weekly contributions for every year of age in excess of 25, with a maximum of 500 and a minimum of 50 contributions. This allowance will not be taken into account in calculating the percentage of the reference wage on which pensions are based.

The scheme is financed chiefly by means of contributions from workers, employers, and the State. Workers contribute 4 per cent. of their wages, and employers 11, 12, or 13 per cent., according to whether their undertakings are classified as involving risks in a low, medium or high degree. This latter point will be determined by the regulations.

Civil servants, municipal employees, and the employees of public and other autonomous bodies, who in the initial stages are entitled only to cash benefits for total or partial invalidity and old age, to survivors' pensions and to marriage grants, will contribute only 2 per cent. of their wages, while the state bodies by which they are employed will contribute  $4\frac{3}{4}$  per cent.

To determine the contributions required and the level of cash benefits, the regulations will lay down a limit for wages subject to contributions,

which will not be less than 3,000 bolívars a month.

Whenever the Social Insurance Institute sees that the income of the Pension Fund will shortly be inadequate to cover outgoings, it will propose to the national authorities that contributions be increased by an amount sufficient to meet expenditure over the next five years at least.

The State will provide the scheme with a subsidy of not less than 1.5 per cent. of wages subject to contributions, with which to meet administrative costs and expenditure on equipment. The State will in addition supply the funds required for the premises for medical and administrative staff.

Apart from contributions and state subsidies, the scheme will have other revenue, such as the yield on investments and the interest on contributions in arrears.

The regulations will lay down what proportion of wages subject to contributions shall be levied to cover the cost of medical care, other benefits in the form of services or in kind, and allowances; the total may not exceed  $7\frac{1}{4}$  per cent. of wages.

The Social Insurance Institute will maintain three independent funds: one to meet the cost of medical care, another for allowances, and a third for pensions and other cash benefits. Moneys from the medical care and allowances funds may be invested only in bills payable at sight or in short-term debentures through duly accredited banks or financial institutions. Moneys from the pension fund must be invested in long-term stock, with an eye to security, yield, economic and social usefulness and easy realisation of capital. The Institute's management board will draft an investment plan, under which priority will be given, in making long-term investments, to the erection of build-



ings for medical care and administrative services.

The Institute, an autonomous legal entity with assets distinct and independent from the Treasury, administers all branches of social insurance. It is run by a management board comprising representatives, in equal numbers, of the national authorities, employers and insured persons, plus a representative of the Venezuelan Medical Federation who will be entitled to speak but not to vote. The chairman of the board is appointed by the authorities and can be removed by them. Local offices will be advised by a board of three honorary members, representing the insured persons, the employers, and the local medical profession.

There is a tripartite investments committee of 15 members.

It is the responsibility of the Ministry of Labour to define the policy to be followed by the Institute and to supervise its activities, without prejudice to the responsibilities incumbent in matters of health on the Ministry of Health and Social Welfare.

Any disputes to which application of this legislation or of the regulations may give rise will be referred to the labour tribunals. Decisions by courts of second instance will be without appeal.

Professional disputes between doctors or members of other related professions and the Institute, and disputes arising from the services rendered by them, will be settled by tripartite committees, each comprising a representative of the medical profession or other professional association concerned, a representative of the Institute, and a third member appointed by agreement between the parties.

*(Gaceta Oficial de la República de Venezuela (Caracas), No. 1023 (extraordinary issue), 11 July 1966)*

### **Labour-management relations in the public services and state undertakings in India**

A Scheme for Joint Consultative Machinery and Compulsory Arbitration for Central Government Employees, covering the public services and state industrial undertakings under the Central Government, was instituted by the Government of India in October 1966. The scheme, as established by the Government, is supplemented by a Declaration of Joint Intent by the Government of India and the employees' organisations concerned, regarding their common approach to the matter. According to this declaration (hereafter referred to simply as "the Joint Declaration"), any of its provisions or those of the scheme may be amended by mutual agreement at any time.

A draft of the scheme had been the subject of prolonged consultations between the Government and the employees' organisations concerned. As a result of these consultations, the Government agreed to make certain changes, including the omission of a provision whereby the right to strike was abjured. Instead the Joint Declaration contains an undertaking by the employees' organisations that they will give a fair trial to the scheme for a minimum period of five years, and their agreement that during this trial period all disputes shall be resolved through the machinery for joint consultation and compulsory arbitration.

#### **GENERAL OBJECTIVES AND SCOPE**

The Government decided to establish the scheme with the object of promoting harmonious relations and of securing the greatest measure of co-operation between the Govern-



ment, in its capacity as employer, and the general body of its employees in matters of common concern, and with the further object of increasing the efficiency of the public service. The Joint Declaration states that the Government is desirous of promoting the healthy development of organisations of government employees; it has noted the fear of victimisation expressed by certain representatives of these organisations and proposes to make suitable provision in the rules to ensure that no office bearer of a union or association is victimised for legitimate trade union activities.

The scheme covers, with certain exceptions, all regular civil employees of the Central Government. In the organs of public administration officials in the higher categories (Class I and Class II services) are excluded, and in industrial establishments the scheme does not apply to persons mainly employed in a managerial or administrative capacity or to those mainly employed in a supervisory capacity at salary levels beyond a prescribed amount.

The machinery provided for in the scheme supplements and does not replace the facilities provided to employees to make individual representations, or to associations or trade unions of employees to make representations on matters concerning their respective constituent services, grades, etc.

#### JOINT COUNCILS

There will be a joint council at the national level and usually at the departmental and lower levels. Each council will consist of an official side appointed by the Government and a staff side nominated by the recognised associations or trade unions. The councils will be competent to deal

with all matters relating to service and working conditions, the welfare of employees, and the improvement of efficiency and standards of work. In regard, however, to recruitment, promotion and discipline, consultation will be limited to general principles and the councils will not be competent to consider individual cases.

The National Council will deal with matters affecting Central Government employees generally and matters relating to categories of staff common to two or more departments not grouped together in a single Departmental Council. The official side will consist of up to 25 members, including the Cabinet Secretary, who will serve as chairman, and the Secretaries of the Ministries of Home Affairs, Labour and Finance and of the main employing ministries. The staff side will consist of up to 60 members and will elect its own leader. Each side will appoint its own secretary or secretaries.

There will normally be a Departmental Council for each department, but a single council may be constituted for two or more small departments under a ministry engaged in duties of a similar nature. The membership of the official side may be from five to ten and the staff side from 20 to 30, depending on the total number of the staff and the number of grades and services in the department. The head of the ministry or department will be a member of the official side and serve as chairman.

Regional and/or office councils will also be established where the structure of a department permits the setting up of such councils. The number of members of each such council will be determined by the size of the staff in the region or office. The head of the region or office will be the chairman of the council concerned.

Departmental, regional or office joint councils will deal with matters affecting the staff employed in the department or departments, region or office concerned, respectively.

The associations will nominate their representatives for a term of three years and there will be no bar to renomination. But no person who is not an employee or an honorably retired employee of the Central Government may be a member of a council, although the Government may permit an ex-employee to be a member after examining the merits of each individual case.

#### PROCEDURE AND FUNCTIONING OF THE COUNCILS

The National Council may have two standing committees: one to deal with matters affecting non-industrial staffs and the other for industrial staffs. A council may appoint committees to study and report on any matters falling within its scope or to examine further any disputed matter on which agreement has not been reached. Otherwise, the councils will frame the rules for the conduct of their business.

In the Joint Declaration both parties (i.e. the Government, on the one hand, and the employees' organisations, on the other) have agreed that there should be full and frank discussion on all matters that come up before the joint councils and that every endeavour should be made to reach agreement on such matters. Under the scheme itself the official side will conclude matters at meetings of the councils and will not reserve them for later decision by the Government. Subject to the final authority of the Cabinet, agreements reached between the two sides of a council will become operative. A matter disposed of by a council in any manner will not

be placed on its agenda during the following 12 months, unless for any special reason the chairman of the council directs otherwise.

If final disagreement is recorded on any matter and it is one for compulsory arbitration, it will be open to either side to have it referred to such procedure. In other cases the Government will take action according to its own judgment.

#### COMPULSORY ARBITRATION

Compulsory arbitration under the scheme is limited to three questions—namely pay and allowances, weekly hours of work, and leave—affecting a class or grade of employees. Individual cases will not be subject to arbitration.

A dispute will not be referred to arbitration unless it has been considered by the National Council or the appropriate Departmental Council. If there is a dispute relating to an arbitrable matter in a lower council, it will be placed before the Departmental Council concerned.

On receiving a report of final disagreement by or on behalf of either of the parties for reference to arbitration, the Government must appoint as soon as possible a Board of Arbitration consisting of three members: one drawn from a panel of five members submitted by the official side, one from a similar panel submitted by the staff side of the National Council, and a chairman who will be an independent person. The members and the chairman will be appointed by the Minister of Labour.

Subject to the overriding authority of Parliament to modify or reject any recommendations of a Board of Arbitration, they will be binding on both sides. If the Government is of the opinion that all or any of the recommendations should be modified on

grounds affecting the national economy or social justice, it must lay the Board's report and recommendations before each House of Parliament, together with the modifications proposed and the reasons therefore.

Orders made by the Government in pursuance of the recommendations of a Board of Arbitration will, unless otherwise specified in those recommendations or modified by mutual agreement, remain in operation for a period of three years.

(Government of India, Ministry of Home Affairs: *Scheme for Joint Consultative Machinery and Compulsory Arbitration for Central Government Employees* (New Delhi, Oct. 1966))

### General reduction in weekly hours of work in industry in Hungary

At its ninth congress, held in Budapest from 28 November to 5 December 1966, the Hungarian Workers' Socialist Party adopted a resolution providing for the reduction by 1970 of hours of work in industry to 44 per week, while maintaining the present level of wages and production in each undertaking and factory.

### PREVIOUS MEASURES

Various measures have been taken during the past few years to reduce weekly hours of work in industry, and 170,000 workers have already been affected. Occupations considered unhealthy and in which workers are exposed to numerous risks were the first to benefit by reductions; thus more than 100,000 workers in such occupations have had their working week reduced to 42, 40, and even 36 hours. They include those employed in dusty workplaces (mines, building material factories) and in the chemical and steel industries.

The reduction in weekly hours of work has also affected other sectors.

The working week of employees in inter-urban telephone exchanges, paper factories using continuous processes, and fibre-board factories has been reduced to 42 hours. In the textile industry 60,000 female workers now work a 44-hour week, chiefly as a result of eliminating Saturday afternoon work.

### MEASURES ADOPTED BY THE NINTH CONGRESS

The extension of the shorter working week to the whole of Hungarian industry will begin in 1968 in sectors in which the work is of above-average difficulty, either because it has to be performed in three shifts or because of its strenuous nature.

Priority in the application of the measures decided by the ninth Party congress for reducing hours of work will be given to workers in strenuous occupations and those employed in arduous work (foundries, ironworks, chemical factories) and in unhealthy workplaces.

When this programme has been realised, some 25 per cent. of industrial workers in Hungary will have had their working week reduced to 42, 40, or 36 hours. It may be noted here that in 1965 <sup>1</sup> a total of 4,750,800 persons were employed in the main branches of economic activity, of whom 1,533,400 were in industry, 281,500 in construction and 307,400 in transport.

The new measures will be applied first and foremost in factories in which certain workshops and working sites are already subject to the system of shorter working hours, and subsequently in all factories, whatever the sector or occupation. It will fall to the factories themselves to work

<sup>1</sup> See I.L.O.: *Year Book of Labour Statistics, 1965* (Geneva, 1966), p. 280.



out how the measures will be put into practice, and in fact most of them already have the matter under review.

Extension of the principle of shorter hours of work to technical and administrative supervisory staff and then to civil servants and the staff of institutes and offices is also envisaged.

The resolution adopted by the Party explicitly declares that the realisation of these measures will be in no way detrimental to the workers' income.

### **Second Inter-American Economic and Social Conference of the O.R.I.T.**

The second Inter-American Economic and Social Conference of the Inter-American Regional Organisation of Workers (O.R.I.T.) was held in the Institute of Trade Union Studies at Cuernavaca (Mexico) from 23 to 26 January 1967. The conference was attended by 80 delegates from the American unions affiliated to the O.R.I.T. and representatives of the international trade secretariats. The I.L.O. sent an observer. There were also university professors, economists, experts in industrial relations and observers from the specialised agencies of the United Nations and other inter-governmental organisations.

The subject of the conference was the role of free trade unionism in the integration and strengthening of democracy in the Americas. The agenda consisted of the following two items: (i) the promotion of democracy and social justice (the respective roles of organised workers, peasants, employers, intellectuals and the press); and (ii) economic development and integration (agrarian reform, Latin American Common Market, Central American economic integration, industrialisation and social progress).

The conference was opened by the Governor of the State of Morelos, Mr. Emilio Riva Palacio, who welcomed the delegates on behalf of the Mexican Government. The President of the O.R.I.T., Mr. Alfonso Sánchez Madariaga, referred in his opening speech to the resolutions adopted at the first Inter-American Trade Union Economic Conference, held at São Paulo from 17 to 19 August 1961, where emphasis had once more been placed on the urgency of transforming the rural economy and on the justice of the claims of the Latin American peoples to obtain better prices for their raw materials through a fundamental change in the pattern of foreign trade. The O.R.I.T. has worked continuously for the application of the resolutions adopted at São Paulo and it represents the workers on the inter-governmental bodies concerned with promoting economic development and social progress.

#### **PROMOTION OF DEMOCRACY AND SOCIAL JUSTICE**

The first item on the agenda led to extensive discussions in which many delegates took part. Their speeches can be summarised as follows.

The promotion of democracy and social justice calls for a powerful trade union movement able to defend the principles of freedom and dignity underlying true democracy. The peasants also have an outstanding part to play, but more than anything else they require guarantees and freedom to establish and run their trade union organisations. The integration of the great rural masses in the economy can be carried out only through agrarian associations. Rural development, which is the foundation of industrialisation, must go hand in hand with a broad social programme

capable of raising the standard of living of the peasants.

The employers cannot be unaware of their responsibility in respect of the social purpose of each undertaking. Profit cannot be the sole object of industry. Man, and in this particular case the worker, must be the central object of the economy. Large sums are spent on the replacement of machinery but there should be more investment in the development of the human resources formed by labour. Favourable conditions must be created for a continuous dialogue between trade unions and management in order to unite efforts to promote economic development and achieve a higher standard of living.

The intelligentsia and the press have a remarkable influence on the destiny of peoples. They must work together for the creation of a collective conscience welcoming social changes. Press, radio and television must contribute to anything that helps to bring about national integration in each country as an essential preliminary step towards the integration of the continent.

The promotion of democracy and social justice in Latin America calls for a rapid change in the pattern of foreign trade since a constant fall in the prices of exported produce has led to serious political crises with disastrous consequences for Latin American workers and peasants.

With regard to the second item on the agenda, extensive and interesting discussions led to the appointment of four working parties to draft resolutions on the following subjects.

#### AGRARIAN REFORM

Free trade unionism gives its approval to the efforts that are being made in all Latin American countries

to carry out comprehensive agrarian reform but it insists that the peasants shall be granted the same trade union rights as industrial workers, including the right to collective bargaining and full social security. Comprehensive agrarian reform means not only the distribution of land but also the existence of a social, cultural and economic atmosphere that will be attractive to agricultural workers and dissuade them from going to the cities, where disillusion, frustration and unemployment generally await them. Agrarian reform must include advice to the peasants on modern methods of cultivation, rotation and diversification of crops, the setting up of production co-operatives, etc. It must also allow for constant supervision by the trade unions so that agricultural development may always go hand in hand with industrial development.

#### COMMON MARKET AND INTEGRATION

The conference confirmed the support of inter-American free trade unionism for the efforts to integrate the Latin American nations and called on the governments to include trade union representatives in the bodies responsible for carrying out integration, on an equal footing with those of the other sectors concerned in the economic and social development of the continent, so that they could take part in the working out of social costs and other questions arising during the process, the culmination of which will be the definitive establishment of a Latin-American Common Market.

With regard to Central American economic integration, the conference expressed its view that the work for the improvement and harmonisation of social legislation must be speeded up and that the trade unions should be allowed proper and effective



participation at every level, with the right to speak and vote in the bodies responsible for planning and development. Lastly, it expressed itself in favour of the integration of the Central American Common Market and the Latin American Free Trade Association (A.L.A.L.C.).

#### ALLIANCE FOR PROGRESS

In this connection the conference had two basic points to make. In the first, it stated clearly that the completion of the social and economic development plans of the countries making up the Alliance for Progress called for appropriate modifications in the present pattern of international trade so as to assure each country of an adequate and regular supply of foreign currency. In the second, it demanded that loans for the carrying out of the programmes of the Alliance should not be subject to the devaluation policy that the International Monetary Fund endeavours to impose as the only means of bringing the trade balance and the balance of payments into equilibrium.

The conference reaffirmed the position of the Trade Union Technical Advisory Committee (COSATE) as the body representing the democratic trade union movement with the Organisation of American States and once again called for the participation of the workers in economic development programmes.

#### INDUSTRIALISATION AND SOCIAL PROGRESS

Although it is true that the first industrial revolution caused many workers to lose their jobs when they were replaced by machines, the workers' movement cannot in present circumstances accept the principle that industrialisation is to be carried out by sacrificing the workers. Con-

temporary civilisation is very far from demanding sacrifices of the workers to allow the community to benefit from social progress, which is nowadays due to the expansion of industrial production. On the contrary, contemporary economic history shows that the constant improvement in the standard of living of the workers is largely due to the revolutionary changes occurring daily in the technique of industrial production. On these grounds the conference confirmed the necessity for industrialisation as the essential condition of sustained economic development and of increasing the purchasing power of the masses. Industrialisation and its corollary, automation, however, must be planned and introduced in such a way as to enable workers and consumers to obtain a fair share of the benefits.

The conclusions of the conference were ratified by the Executive Committee of the O.R.I.T. at its meeting on 27 January. The General Secretary Mr. Arturo Jáuregui, was entrusted with the implementation of the proposals made by the conference and the maintenance of efforts to achieve the social and economic purposes that are the principal aims of the O.R.I.T.

#### **Ninth national congress of the Christian Workers' Confederation of Chile**

One of the events organised by the Christian Workers' Confederation (A.S.I.CH.-C.C.T.) to celebrate its 20th anniversary was the ninth national congress, which was held at Santiago de Chile from 9 to 12 November 1966.

The congress was attended by many delegates representing 140 industrial trade unions and 209 agrarian organisations. The report of the Executive



Committee showed that the number of members of the A.S.I.CH.-C.C.T. had risen from 18,359 to 68,520 during the preceding three years.

The congress set up committees to examine the various items on the agenda. Their conclusions can be summarised as follows.

#### AGRARIAN REFORM

It is essential for the peasant to have effective representation in the Agrarian Reform Corporation (CORA). Possibilities of expropriation should be extended and the device of limited liability companies or other bodies set up to evade the application of the reform should not be permitted. It is the peasants and not persons uninvolved in agricultural activities who should benefit. The system of provisional settlement (*asentamiento*) is accepted, but only for a maximum period of three years, not to be extended, so that the land can be allocated mainly in family, community or co-operative units. In expropriation cases proceedings must be speeded up as far as possible so as not to interfere with normal agricultural production. Finally, the congress demands that the dependence of a new owner on the CORA shall last only until his loan is paid off and not for a fixed period of 30 years.

#### REFORM OF THE UNDERTAKING

The reform of the undertaking is fundamental in every process leading to a change in structures, because the undertaking is the meeting place of capital and labour and the source of a great many of the problems of the working class.

A new way of thinking, including a new conception of the respective roles of human labour and productive capital, is a necessary foundation to the new conception and the new

dynamics of the undertaking. Human labour devoted to producing and exchanging goods or performing economic services comes before the other elements in economic life, which are mere instruments. By his work a man normally earns his living and that of his family; by his work he unites with and serves his brothers; by his work he can practise true charity and play his part in the perfection of the divine creation. Human labour cannot be considered apart from the worker as a person.

The employment contract in the undertaking of today must be replaced by a contract of partnership as a means of eliminating one of the fundamental causes of injustice and strain within the undertaking. The communal undertaking satisfies more fully the requirements and the rights of the workers and it must be the goal of the process of change in the structure of the undertaking.

#### COLLECTIVE BARGAINING

In current ideas on trade unionism, collective bargaining is one of the most important and most characteristic functions of trade union activity. This function is said to be characteristic because it is based on the idea that trade unionism is not static but must develop, an important sign of development being the substitution of the contract of partnership in undertakings for the employment contract. If this substitution is brought about, collective bargaining will have other purposes than those which are appropriate to the present period of employment contracts.

In Chile, however, the great majority of wage earners, salaried employees and peasants are not protected by collective bargaining. The main reason for this situation is the existence of trade unions at the level

of the undertaking. Chile is a country where large undertakings are not in a majority and where there are many medium-sized and small undertakings. It is therefore essential to amend the existing legislation, which treats the undertaking trade union as representative, and transfer the functions of representation to the industry-wide unions. The unions must also carry out a determined fight to introduce collective bargaining for workers in all sectors without exception.

Lastly, it is agreed that collective bargaining must have a leading place in programmes of workers' education in order to provide trade union leaders with the knowledge they require for the more effective defence of their economic claims.

#### FREEDOM OF ASSOCIATION

Freedom of association is essential for the creation of free and democratic trade union organisations; it is also essential if they are to carry out an effective programme for the full settlement of workers' problems.

The purpose of trade unions, which is basically the achievement for the workers of a standard of living consistent with human dignity, can be carried out only in an atmosphere of full freedom of association. Freedom of association is therefore essential to the legal existence of trade unions and to their activities. Where this right is not legally recognised there are serious difficulties for the workers' movement. The International Labour Organisation, as a universal source of standards and guidance in labour relations, has incorporated this right in its Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87).

Considering that workers in Chile do not enjoy full freedom of association; that it is the right of the workers

to choose freely the level and form of their trade unions; that the workers are entitled to establish single trade unions on their own initiative; and that Book III of the Labour Code infringes the principles of freedom of association; the congress expresses itself in favour of a trade unionism free and independent of the State, and of political parties, religious creeds, governments and trade union tendencies that conflict with the principles supported by the A.S.I.CH.-C.C.T.

Lastly, it is stated that the present Chilean Labour Code infringes the principles of freedom of association. It must therefore be repealed and replaced by another, and an immediate start must be made with the drafting of a Bill to replace the present Book III and establish complete freedom of association in accordance with Convention No. 87 of the International Labour Organisation.

#### ECONOMIC AND SOCIAL SITUATION OF THE WORKERS

The economic and social situation of the workers, both urban and rural, must be dependent on a national economic policy on which the employers make full use of technological resources in the production of goods and services intended preferably for the great mass of consumers, with a view to guaranteeing full employment. The improvement in the social and economic situation of the workers can be seen in a gradual increase in their ability to acquire goods and services, or in other words in a genuine purchasing power.

The Government, in its national economic plans, must restrict the production of luxury goods and facilitate the production of consumer goods for the working masses.

The Bill on the reform of the trade union system must embrace the right of the unions to check the accounts of undertakings by having access to the relevant books. It must also guarantee the workers an effective share of the profits of undertakings, with a view to a recovery in their purchasing power, which has suffered seriously in recent years.

It is also essential for a law to be adopted guaranteeing workers the necessary facilities for taking part, without loss of wages or statutory benefits, in courses of technical training and trade union education.

#### AFFILIATION

The ninth congress ratified the affiliation of the Christian Workers' Confederation (A.S.I.CH.-C.C.T.) to the International Federation of Christian Trade Unions and the Latin American Confederation of Christian Trade Unions (C.L.A.S.C.).

#### ELECTIONS

Before concluding its work, the congress elected the Executive Committee for the period 1966-69. Mr. José Goldsack was elected President.



# BIBLIOGRAPHY

## I.L.O. PUBLICATIONS

**Manpower adjustment programmes: I. France, Federal Republic of Germany, United Kingdom. Labour and Automation, Bulletin No. 4. Geneva, 1967. 207 pp. \$2.50; 17s. 6d.**

The I.L.O. has undertaken a series of studies of nine different countries, with the aim of providing governments, employers and trade unions with useful information on some of the effects of automation. This bulletin contains the first three of these studies.

The reports have been prepared according to a common outline developed by the I.L.O. Automation Unit in order that comparisons might readily be made between the programmes—both public and private—that have been introduced in the different countries. The emphasis has been on problems faced by wage earners in the period of the new technology. These problems range from the very general question of work opportunities to more specific issues of training opportunities and of income maintenance during periods of unemployment or training.

Each study contains first a review of recent economic developments in the country considered, in order to provide the background for an explanation of the programmes; it next examines the country's public programmes to maintain or secure full employment (one of the main fears concerning the impact of automation on labour has been that it would result in unemployment).

Attention is then directed to programmes to prevent job loss in undertakings and measures to assist workers who lose their jobs: income maintenance programmes, on the one hand,

and programmes to facilitate their re-employment, on the other (placement services and special counselling, training and retraining, mobility programmes, in particular). Consideration is next given to the country's school programme and training programmes designed to prepare young people to meet new skill requirements and also to assist currently employed persons to up-date their skills or acquire new ones. Two further sections deal respectively with the effects of technological change on working hours and with new approaches in labourmanagement relations, which have emerged as a result of technological change. The final section reviews current trends in the research on labour problems arising from technological change.

**International Labour Conference, 51st Session, Geneva, 1967. Report III (Part I): Summary of reports on ratified Conventions. Geneva, I.L.O., 1967. iv+294 pp. \$3.50; 24s. 6d.**

—Report III (Part III): **Summary of information relating to the submission to the competent authorities of Conventions and Recommendations adopted by the International Labour Conference. Geneva, I.L.O., 1967. 19 pp. \$0.25; 1s. 9d.**

—Report III (Part IV): **Report of the Committee of Experts on the Application of Conventions and Recommendations. Geneva, I.L.O., 1967. viii+294 pp. \$3.50; 24s. 6d.**

Under the Constitution of the I.L.O. each Member agrees to make an annual report to the International Labour Office on the measures it has taken to give effect to the provisions of Conventions

to which it is a party, and also to bring, within a specified period, any new Convention or Recommendation before the authority or authorities within whose competence the matter lies for the enactment of legislation or other action. The first and third parts of Report III contain information concerning these two obligations. The fourth part contains the report of the Committee of Experts to which this information has been submitted.<sup>1</sup>

**Third Special Report of the Director-General on the application of the Declaration concerning the Policy of "Apartheid" of the Republic of South Africa.** Geneva, I.L.O., 1967. 39 pp. \$0.50; 3s. 6d.

This is the third volume in a series of Special Reports "concerning the application of the Declaration including any necessary recommendations concerning measures which should be adopted with a view to bringing to an end the policy of *apartheid* in the Republic of South Africa", which have to be submitted every year for consideration by the International Labour Conference.

The introduction points out that there have been no major innovations in labour policy nor any significant changes in labour legislation since the second Special Report and that the contradictions inherent in the policies of *apartheid* have continued to manifest themselves. Chapter I reviews the developments that have taken place in the implementation of the policy of separate development (described in the Second Report), with particular reference to the Government's attempts to accelerate "border industry development". It shows how, in spite of considerable investment placed in the border industries and the incentives offered to industrialists to decentralise, and despite increased efforts to attract White immigrants to South Africa, the South

African economy remains completely dependent on the availability of African manpower and will continue to do so.

Chapter II summarises important developments of interest to the I.L.O. that have recently taken place in the United Nations with regard to *apartheid*. Chapter III looks at critical opinion inside South Africa with regard to the labour and social policies pursued by the Government of South Africa. It further describes how employers and trade unions have in certain cases taken steps, within the framework permitted by the existing laws, to counteract the effects of *apartheid* policies in the labour field.

International Labour Conference, 52nd Session, Geneva, 1968. Report VI (1). Revision of Conventions Nos. 24 and 25 concerning sickness insurance. Geneva, I.L.O., 1967. iv+80 pp. \$1; 7s.

The placing of the above-mentioned item on the agenda of the International Labour Conference is the third stage in the revision of a number of international Conventions on social security which were adopted before the Second World War. The first stage ended with the adoption by the Conference at its 48th (1964) Session of the Employment Injury Benefits Convention (No. 121) and the Employment Injury Benefits Recommendation (No. 121), and the second stage with the adoption by the Conference at its 51st (1967) Session of the Invalidity, Old-Age and Survivors' Benefits Convention (No. 128) and the Invalidity, Old-Age and Survivors' Benefits Recommendation (No. 131).

The present report contains an analysis of international standards relating to benefits in cases of sickness and of the evolution of national laws and practices relating mainly to sickness benefits in kind and cash. A considerable number of comparative statistical data are given in an appendix.

The report also includes a questionnaire addressed to governments. On the basis of the replies received, the Office will prepare a second report summarising them and suggesting the main points the Conference may wish to consider.

<sup>1</sup> For a note on the second part of Report III, which contains a summary of reports on unratified Conventions and on Recommendations, see *International Labour Review*, Vol. 95, No. 4, Apr. 1967, p. 370.



## BOOK NOTES

DUMONT, René, and ROSIER, Bernard. *Nous allons à la famine*. Collection Esprit "Frontière ouverte". Paris, Editions du Seuil, 1966. 279 pp.

According to existing figures, widespread famine in the greater part of the developing nations will occur before long and probably as soon as 1975-80; this famine concerns us all, for it may lead to atomic suicide. Such is the outlook for the development of humanity over the coming 13 or 14 years, based on the conclusions of two agronomists, R. Dumont and B. Rosier, professor and assistant professor at the National Agronomic Institute of Paris. In this book Dumont utters a real cry of alarm.

The analysis is broadly as follows: in 1959, for the first time since the creation of the United Nations Food and Agriculture Organisation, the increase in food production did not exceed that in the world population; since 1963 there has been a fall in food production per head. The population explosion of the developing nations, a phenomenon without precedent in human history, had produced by 1965 an aggregate rate of increase in the world population of 2 per cent. a year; the annual increase in food production has not exceeded 2 per cent. since 1959.

As there is no hope of achieving an appreciable increase in food production within a short period, it is becoming vital and urgent to put a brake on demographic expansion. How can this be done? Birth control is the only means, for the old regulators (famine, epidemics and war) of the balance between population and sustenance no longer operate and are in any case unacceptable. But birth control is not a panacea. The developing nations, which have made a bad start, will not get very far if their own efforts and those of all other countries are not combined. The only chance of development for the poor countries, and so of survival for humanity, lies in organising world solidarity. A world organisation must be set up to fight

hunger and be maintained by an international solidarity tax. This organisation must be genuinely universal and possess supra-national powers if it is to discourage improvidence on the part of the developing nations and their privileged minorities.

The style is clear and vigorous and the book does not confine itself to raising a few essential problems and helping to create a certain awareness, as its authors modestly say; it sets forth the responsibilities boldly and objectively and provides the basis for replying to many questions. It is true, however, that Dumont's analysis has been challenged by another agronomical expert of equal reputation, Michel Cépède. Cépède quotes the most recent F.A.O. report, *The state of food and agriculture, 1966*, which shows that, out of 55 countries, each of those with the highest rate of population increase has for the past ten years had an annual average increase in agricultural production of an equal or higher rate. Increase in production and increase in population are not independent variables; there is a close positive correlation between them. Cépède concludes from this that the problems arise, not in countries whose population increases at a rate of 3 per cent. or more per year but in those whose population increases at a rate of 1 to 2 per cent., for there the rate of increase in production is even lower. Restricting the birth rate would therefore involve the risk of restricting agricultural production.<sup>1</sup>

Such divergent predictions show that the tools for analysis are still inadequate and make it difficult to settle on the means for dealing with the problem.

J.-P. A.

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<sup>1</sup> See Michel CÉPÈDE: "Combattre la faim: pénurie entretenue ou expansion harmonieuse?", article published in *Projet* (Paris, journal (new series) of Action populaire), Jan. 1967, pp. 3-14, and reproduced in *Problèmes économiques* (Paris, La Documentation française), No. 998, 16 Feb. 1967, pp. 21-27.



**GROUPE D'ARRAS. Le partage des bénéfices. Expansion et inégalités en France.** Preface by Claude GRUSON. Paris, Les Editions de Minuit, 1966. v+444 pp. 27.75 FF.

This remarkable book, which enables the reader to grasp the whole extent and meaning of the development of French society during the past 20 years, is due to successful collaboration between sociologists and economists.

The first question raised is whether economic growth is accompanied by a reduction in inequalities. It appears in fact, from the first part of the book, that social differences remain surprisingly stable. An analysis of changing attitudes towards fertility (the recovery in the birth rate after the Second World War) and economic activity (the place of women and young people in society) leads to a study in the third part (dealing with factors of change and changes in these factors) of the true role played by the various groups of factors in bringing about the changes. The fourth part studies the mechanisms by which economic and cultural capital is transmitted. This is perhaps the most important aspect of the question, for the effect of these mechanisms is that economic development can at best do no more than hand on the existing economic and social structure; they work together to maintain social inequalities. The basic question is how far and at what cost the action of these mechanisms can be controlled, or, if it is thought desirable, neutralised—in other words, what is the relative strength of the social groups which would benefit from such neutralisation and of those which would suffer from it?

Apart from the individual qualities of each of the specialists who have collaborated in its production, this important book shows, as Claude Gruson says in the preface, the marked increase in explanatory value resulting from the joint work of statisticians, demographers, economists and sociologists.

J.-P. A.

**KIRDAR, Üner. The structure of United Nations economic aid to underdeveloped**

**countries.** Preface by R. Y. JENNINGS. The Hague, Martinus Nijhoff, 1966. xxiv+361 pp. Bibliography, index.

The considerable gap which already exists between the living standards of the rich and poor nations is widening rather than narrowing. It has long been realised by the international community that if the world is to live in peace, this gap has to be closed. Among the main barriers which obstruct the development of the underdeveloped countries are lack of capital and foreign exchange and shortage of technical skills. The desire to overcome these difficulties through international co-operation has led to the creation of several autonomous agencies within the United Nations system. In this book Dr. Kirdar attempts to analyse the structure of the economic aid given to underdeveloped countries by the United Nations and specialised agencies.

In a preliminary chapter the author examines the terms, "underdeveloped countries" and "economic aid", as defined in United Nations practice. He then describes various United Nations technical assistance activities: the Regular Technical Assistance Programmes, the Expanded Programme of Technical Assistance, the International Administrative Service (OPEX), and technical assistance in return for payment.

This is followed by an analysis of the measures taken to finance the economic development of underdeveloped countries. The author discusses the circumstances and manner in which the international financing agencies (the International Bank for Reconstruction and Development, the International Monetary Fund, the International Finance Corporation and the United Nations Special Fund) were created; the way these organisations work; and the different financing techniques adopted by them. He studies their organisational and financial structure, the conditions governing their operations, and the characteristics and juridical nature of the agreements concluded by them. More recent international initiatives to stimulate the development process in the underdeveloped countries—in par-

ticular, the International Development Association—are described, and the bilateral economic aid given by members of the United Nations is briefly reviewed.

The last part of the book, which is of a more controversial nature, is devoted to an analytical examination of the following subjects: the amount of United Nations economic assistance; the attitudes of member States of the United Nations with regard to assistance to underdeveloped countries; the amounts, motives and disadvantages of bilateral aid; the advantages of multilateral aid; the impact of the widening gap between the rich and poor nations; international law and the problem of international aid; economic aid as a legal obligation; the possibility of setting up a United Nations Development Authority and of building a bridge between this authority and international private investment.

Although all the specialised agencies contribute to the process of development, this book concentrates on those which finance development because, as the title indicates, the author is concerned mainly with economic rather than technical aid. However, as mentioned earlier, the first part of the book is devoted to technical assistance programmes, and in this context reference is made to other specialised agencies such as the International Labour Organisation, the Food and Agriculture Organisation, the United Nations Educational, Scientific and Cultural Organisation, the World Health Organisation, the International Telecommunications Union, and the Universal Postal Union.

Dr. Kirdar discusses with insight and frankness the legal, political and economic problems of international aid. Among the advantages of United Nations aid programmes are: freedom from political strings; opportunity for sharing international skill and knowledge; more equitable criteria for the distribution and collection of resources; more effective and sound administration of assistance programmes; promotion of international understanding, which may form the basis for "effective measures in the fields of collective security and disarmament". Moreover, for the donor coun-

tries such programmes have the advantage of providing the chance to "win greater international influence and prestige".

One of the major handicaps from which the United Nations aid programmes suffer is "the poverty of its financial resources". This is the more striking when its resources are compared with the sums devoted to bilateral aid. Thus in 1961 the technical assistance programmes of the United Nations and participating agencies involved a total of \$51 million, while in the same year the amounts spent on bilateral aid (of all kinds, including technical assistance) were, approximately \$4,100 million by the United States, \$745 million by the United Kingdom, \$1,200 million by France, and \$933 million by the socialist countries. Dr. Kirdar urges the developed countries to switch from bilateral to multilateral aid by channelling more of their aid resources through the United Nations system. This will not only make such aid more effective but will make it more acceptable to the recipient nations. For in multilateral aid the criterion is "international common interest" rather than the "national self-interest" that is so evident in bilateral aid.

Dr. Kirdar's statistical analysis of international aid and of the standards of living in the developed and underdeveloped countries shows that "what has been done till now is only a few drops in the ocean, when it is measured against the poverty of the underdeveloped countries". As the author puts it, the underdeveloped countries "have been subject to the law of increasing relative impoverishment". A much more concerted action by the international community is required to reverse this trend.

J. S. S.

MANPOWER RESOURCES COMMITTEE,  
COUNCIL FOR INTERNATIONAL ECONOMIC  
CO-OPERATION AND DEVELOPMENT,  
Executive Yuan, Republic of China.  
**Study reports of eight working groups  
on the development of manpower re-  
sources.** Two volumes. Taipeh, 1966.  
311 pp. (the two volumes). Statistical  
tables, appendices.



In July 1965 eight working groups of the Council for International Economic Co-operation and Development, Republic of China, started a series of conferences and discussions on the development of manpower resources and on the manpower motivational problems confronting the country, for the purpose of establishing programmes which would stimulate the present and future labour force to make a maximum contribution to national progress and economic development.

These two volumes are the result: the first contains the reports of the working groups on manpower education, vocational training and manpower recruitment; the second those of the working groups on manpower motivation, manpower utilisation, manpower distribution, manpower stabilisation and manpower statistics improvement. Each group, after analysing the present situation on the basis of available statistics and forecasts, submitted recommendations.

Recommendations in the area of educational development lay stress on the establishment of a permanent institution for educational planning, which would review all educational projects and evaluate the educational system as a whole. The existing system was found to be deficient in the quality of students, teachers and research programmes. In the field of vocational training, programmes have never been co-ordinated with the demands for manpower in the country, owing to the lack of a national administrative agency responsible for policies, legislative action, training systems and standards. A recommendation therefore proposes the establishment of a nation-wide administrative structure for this purpose.

The working group on manpower motivation traced the lack of proper motivation to complex interrelated factors, some resulting from customs and traditional concepts. Solutions to the problems would have political, economic and social implications. New labour legislation should consider up-to-date needs and be designed to stimulate the population to join the labour force. One of the shortcomings observed by the

manpower utilisation group was that the very slight difference between the wages of technical and other workers did not provide sufficient incentive to acquire skills.

The two volumes contain all the statistics and forecasts used by the working groups. No attempt was made to summarise their recommendations or co-ordinate their conclusions. C. P.

**MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION, India. Report of the Committee on Co-operation.** New Delhi, 1966. iii+70 pp. 1.35 rupees; 3s. 2d.; 49 cents.

In 1964 the Government of India set up a Committee on Co-operation to review the general situation of the co-operative movement in the country, its laws, rules and practices, and to lay down standards and criteria by which the genuineness of societies might be judged, so that existing abuses and malpractices could be eliminated and appropriate measures applied to make the movement stronger and more self-reliant.

This report is the result of the Committee's work. It is based on a questionnaire which the Committee circulated to state governments and to co-operative institutions at the national and state levels, as well as on discussions it held with numerous persons connected with co-operative activities.

The report opens with a historical review of the co-operative movement in India over the past 60 years since the introduction of the first co-operative legislation. It goes on to discuss the basic principles of co-operation and their applicability to different kinds of co-operative societies under Indian conditions today. Although most of these principles find expression in the co-operative laws of the country in some form or other, the report recommends that, in addition, provision should be made in state policy and in co-operative legislation to recognise the basic aim of co-operation as that of promoting social justice. Proceeding from a consideration of co-operative principles, an attempt is then made to analyse the



characteristics which might help to identify a society as genuine or non-genuine. The Committee devotes a chapter to the problem of vested interests and dwells on the legislative and administrative action which the state governments can take in checking or preventing their growth, as well as on the measures which the co-operative movement itself can take to this end. Enforcement of the principle of open membership, the report states, is a vital check against the development of vested interests. Thus, suitable provision should be made for appeal against refusal of admittance; such appeal should be heard and decided by a committee at the district or state level, consisting of representatives of the federal co-operative bodies and the Registrar of Co-operative Societies. Another measure which should be applied more widely is that of keeping a close watch on the granting of loans to members of a managing committee and their relatives and reporting these loans to meetings of the general body for information, so that the prevalent abuses in this field can be avoided.

The report also considers the question of audit and supervision, particularly in relation to the promotion of self-reliance and self-regulation in the co-operative movement. It recommends that audit should eventually be taken over by the co-operatives themselves, and it suggests that, as a first step, it could be entrusted to an agency under the Government but independent of the Registrar of Co-operative Societies. Two further chapters deal respectively with the problem of resources for the co-operative movement and the role of co-operative education. The report recommends that, enlightened membership being an absolutely vital factor in developing a strong and self-reliant co-operative movement, state co-operative unions and the National Co-operative Union should take over complete responsibility for running the training institutions.

A summary of the Committee's conclusions and recommendations is given in a final chapter.

V. L. K.

ONYEMELUKWE, C. C. **Problems of industrial planning and management in Nigeria.** London, Longmans, 1966. vi+330 pp. Index, bibliography. 42s.

The importance of diversification of the economy, in which industrialisation is one of the principal elements, is now generally recognised by almost all developing countries. Indeed, many of these countries regard rapid industrialisation as the surest way to accelerate economic growth. The desire to industrialise, however, is often not accompanied by the requisite study of the social, economic and political problems involved. This book is primarily a study of the industrial problems that faced the First Republic of Nigeria, some of which still face the country and other developing countries similarly placed.

The book opens with an examination of the background to, and prospects for, industrialisation in Nigeria. The reasons that have propelled Nigeria to industrialisation are discussed; some of them are: the continued deterioration of Nigeria's export earnings due to the decline in world prices for primary commodities and the dependence on imported manufactured goods, which have resulted in a steady worsening of the terms of trade; the imbalances in the rural and urban sectors of Nigeria's economy, coupled with a serious threat of unemployment; and, on the international level, the desire to stay in the race towards industrialisation, for, as the author sees it, "the alternative to action is the loss of political independence recently won and its replacement by economic and technological imperialism of the worst kind."

The prospects of achieving an adequate rate of industrialisation in Nigeria seem bright. The country has great industrial potential. It has abundant mineral resources and raw materials, is self-sufficient in fuel and energy requirements, and has a potentially large market in its large population; above all, the projected African Common Market will be an added advantage. These are the factors which may contribute to the successful achievement of industrialisation. But

there are also obstacles which hampered, and some of which still hamper, rapid industrialisation. These are categorised as regionalisation, "insecurity complex" on the part of would-be "industrialists", social and political instability, social and institutional bottlenecks, and lack of "know-how" and capital.

Examining the role of government in promoting industrialisation, Mr. Onyemelukwe distinguishes four traditional functions, namely to ensure political stability, to promote the dignity of industrial work so as to attract some of a country's best talent into industry, to create economic stability (e.g. through sound management of a country's balance of payments and control of inflation), and to introduce incentives to foreign investors. To the above broad functions he adds a new one, that of economic planning. It is in the context of economic planning that the principles and the role of industrial planning (the main subject of the book) in economic development are discussed, and Mr. Onyemelukwe reaches certain conclusions. First, "a national industrial plan is a prerequisite for rapid industrialisation". Secondly, a national industrial plan must be made in the context of an over-all national economic development plan and must be co-ordinated with it. The author emphasises that the job of industrial planning must not be left to the economist alone, for the "basic choice of industrial priorities, scale of operations, technique of operation, optimum location, composition of industrial output, industrial research activities, technical manpower development and so on is an exercise which admits of more detailed formulation of assumptions and involves a much more 'down-to-earth' approach than could be done on pure economic terms". Thirdly, the success of industrial planning depends, to a large extent, on proper staffing of an industrial planning agency. Fourthly, an industrial plan must be supported by appropriate policies (e.g. fiscal policy) to ensure that the maximum amount of capital is channelled into productive investment.

The major part of the book is devoted to the examination of a wide variety of

problems, including the financing of industrial development, industrial organisation and management, financial management in industry, industrial relations, industrial research and development and other related problems. The author warns against the temptation of trying to transplant industrial techniques from developed to developing countries, which often fail to provide the latter with appropriate solutions to problems of technology. He stresses the need for originality in industrial research.

In a chapter on the problem of manpower development, Mr. Onyemelukwe points out that rapid industrialisation depends on proper internal management and the availability of technicians. The scarcity of personnel qualified in sciences and technology and in industrial management constitutes a special obstacle to rapid industrialisation, and particular attention must therefore be given to increased education in these fields.

J. S. S.

PARANQUE, Régis. **La semaine de trente heures.** Paris, Editions du Seuil, 1967. 128 pp. Bibliography.

This book presents a general view of the question of hours of work, mainly in France. After showing that, contrary to what might be expected, the total number of hours of work performed during an average life of activity is tending to increase in France, the author points out the inequalities existing at present in this field among branches of industry, undertakings of various sizes and groups of occupations. He then considers many specific questions, including the raising of the school-leaving age, the length of the journey between the home and the factory, the rhythm imposed on the work of man by increased mechanisation, the effects of hours of work on the frequency of accidents, the actual hours of work of women with family responsibilities, and the increasing need for workers to train and to improve their knowledge.

The author continues his analysis by describing the attitude of public authorities, employers and trade unions to the question of hours of work; he states



that reductions are desirable and possible in present circumstances without an appreciable increase in production costs, without a reduction of wages and without accelerating the rate of inflation (largely owing to the positive effects of reducing hours of work on productivity).

The question thus arises whether the reduction should be effected by lowering the age of retirement, by increasing annual holidays, or, as the author recommends, by cutting weekly time-tables.

After analysing the effects of such a reduction on employment, the author concludes that a reduction in hours of work seems inevitable in the long run and desirable in the future and that it must be an integral part of an active policy of social advancement and economic progress.

The book is short and easy to read and will be of interest to all those wishing to obtain a general view of the question of hours of work in France at present.

R. L.

TUNSTALL, Jeremy. *Old and alone. A sociological study of old people*. London, Routledge & Kegan Paul, 1966. xi+344 pp. Index, appendices. 45s.

This sociological study of the situation of certain groups of old persons in Great Britain is a specialised and independent development of the national survey directed there by Peter Townsend and Dorothy Cole Wedderburn in co-ordination with similar surveys in Denmark and the United States. The interim report on the British national survey was published in 1965 as *The aged in the welfare state*.

The present study differs from the national survey in being devoted exclusively to old persons living alone or in social isolation. It has been carried out through interviews with 538 persons aged 65 and over, forming a sample of the population in question, in the four areas of Harrow, Northampton, Oldham and South Norfolk, which were chosen for the diversity of their sociological characteristics.

The importance of such a survey is clearer if it is realised that the likelihood

of living alone is eight times greater for people aged 65 and over, of whom there were about 6,200,000 in Great Britain in 1963, than for other people. About 1,300,000 of them were living alone, about 1,600,000 would have said they were lonely, about 1 million were socially isolated and about 1 million were anomic (the author defines anomic individuals as being alone in the sense of feeling cut off from the broad social values of the community). The groups studied thus form an important minority of old people and have never before been the subject of specific research despite the special, often very acute problems with which they present society, particularly those who have been recently widowed and those who are housebound.

The study shows that the proportion of people aged 65 and over who live alone is increasing and is now over 20 per cent. It relates in particular to old women, the widowed of both sexes, those over 75 and the childless. Wide variations exist, not between social classes but rather between localities, with the higher proportions in London and city centre areas in general. Social isolation, which does not affect all old people living alone, appears to be connected mainly with the ending of occupational activity. Loneliness, which does not affect all groups of socially isolated people, affects in particular the physically incapacitated, childless widows and widows with children they do not often see. Lastly, anomia, which is associated with a lower rank in the social scale and a lack of social participation, is commoner among men, for whom retirement, here again, may be a key factor. Interesting information is also given on the way in which old people use their time, the extent of their resources and the criticisms they often make of the social services available to them.

This book is a contribution to the development of sociological research on old people, the growing percentage of whom within the population of certain countries is drawing attention to the importance of the resulting social problems. In England and Wales the part



of the population aged 65 and over has risen from 4.4 per cent. in 1841 to 4.7 per cent. in 1901, 7.4 per cent. in 1931 and 11.9 per cent. in 1961, the figures for men and women in 1961 being 9.4 per cent. and 14.3 per cent. respectively. The conclusions of this study are of value both to sociology and to political science. A more enlightened awareness of the lack of attention to certain groups of old people in a society where the small family holds a privileged position must logically lead to the acceptance of the social cost of allowing them economic independence under pension schemes. At the same time there must be more effective co-ordination of the various forms of social security required to meet their situation and their needs, with a view to facilitating their integration, their adaptation and, where necessary, their readaptation in society.

G. P.

VIENNEY, Claude. *L'économie du secteur coopératif français*. Paris, Editions Cujas, 1966. 458 pp. Bibliography.

The author of this book intended it to serve as an instrument for observing and analysing French co-operatives and thus assisting in the definition of co-operation as an economic phenomenon.

In the first part, basing himself in particular on the definition given by Georges Fauquet of family and occupational needs, he attempts to work out an economic description and a classification of co-operative societies. He is accordingly led to distinguish two large groups in his economic typology: (a) co-operatives of individual operators, which include farmers' co-operatives (for marketing, joint operation, supplies, credit and mutual aid), craft co-operatives, trade co-operatives (voluntary chains, wholesale purchasing centres and retail purchasing groups) and fishing co-operatives, devised to provide their members with ancillary services in their main occupation; and (b) household co-operatives connected with the economic activities of the operators' households, either for the joint following of their occupation or for the satisfaction of their family requirements. This group

includes: workers' production co-operatives, forming a comparatively old movement connected with industrialisation and urbanisation; consumer co-operatives, which seem to be the best known on account of their important distributive activities (large stores and popular shops, chain stores, purchasing groups and supermarkets); housing co-operatives, which the author prefers to relate to the consumer co-operatives rather than the production co-operatives or individual operators' co-operatives, since these co-operatives, whether for moderately priced accommodation or not, exist for the purpose of housing their members, the undertaking of building activities being no more than a means to this end. It is interesting to note that all the co-operative groups classified have been systematically studied, in accordance with a carefully worked out plan, in respect of the identification of the various types, the legal framework and the problems of their development, among other things. In concluding the first part, the author gives a brief account of the financial credit institutions (the Caisse nationale de crédit agricole for the rural sector and the Caisse centrale de crédit coopératif for all the other groups) and of the various institutions specialising in co-operative training and research (the Institut français d'action coopérative, the Collège coopératif and the Institut des études coopératives). He thus places a special emphasis on the intellectual resources (research, experiment and education) and financial arrangements called for by any development of the co-operative sector.

The second part of the book is devoted to a theoretical consideration of the economics of the co-operative sector. The question, in the opinion of the author, is whether the co-operatives, whose principles are similar but whose functions are so different and each of which seems to occupy a definable economic area, can make up a sector worthy of independent economic analysis. Basing himself in part on analyses made by theorists of co-operation, on the observation methods employed in

the social sciences and on strict accounting analysis, the author endeavours to give a combined economic description of groups that have so far been considered separately. He presents a picture of the co-operative sector from the point of view of the groups of households, the undertakings (the co-operative undertaking having its own operating rules, and its various economic transactions being carried out by its own members) and the institutions that the co-operators have themselves created. He then explains the form that might be taken by the search for an economic theory of co-operation based on action (co-operation for the satisfaction of needs) and leading towards action (the search for the means to be employed in expanding it). A very interesting discussion concerns the development of economic theories of co-operation in the course of the conflict between liberal and socialist doctrines, and the growth of co-operative principles since the time of the pioneers. This leads the author to compare the universal co-operatism of Charles Gide, for whom the conflicts to be resolved are found in man himself, with the co-operative sector defined by Fauquet on the basis of many experiences in widely differing areas. In the author's view, the elaboration of co-operative doctrine,

in which the Gide-Fauquet dialogue is a stage, and the development of economic and social sciences ought to contribute to the definition of co-operative development models. The last chapter of the book deals with the establishment of quantifiable criteria such as co-operative loyalty, the intensity of co-operative bonds, the extent of co-operative institutions, etc. These form a group of methods of study and verification that should be of assistance in working out a development policy for the co-operative sector in France.

The author, who is assistant professor in the Paris Faculty of Law and Economic Science, has endeavoured to give a detailed analysis of the significance of co-operative ideologies, with a view to working out an economic theory of co-operation. Although his book is a little too didactic, it shows clearly enough the relations existing between co-operators and co-operative undertakings and the importance of the part played by the co-operative sector in the economic community in which it exists. The book is thus topical, coming at the very time when several economists are endeavouring to work out a theory of co-operative economics and to establish the place of co-operation among the economic sciences.

E. D.

## BOOKS RECEIVED

### General questions

BONWICK, George J. (edited by). **Automation on shipboard.** Proceedings of a seminar held at Elsinore, Denmark, by the International Institute for Labour Studies, 13-21 September 1965. Foreword by R. W. Cox. London, Macmillan, 1967. xii+127 pp. Index. 30s.

Contains an account of a seminar convened in 1965 by the International Institute for Labour Studies, in co-operation with the Danish Government and the I.L.O., in order to provide a forum where the social problems arising from

the introduction of automation and other technological changes on board ship might be discussed between representatives of shipowners, seafarers and shipbuilders, and reproduces the papers submitted to it on the following subjects: automation in ships; notes on the design and operation of automated ships; application of technical innovations and automation in ships built in Japan; the social effects of automation in merchant ships; manpower; results of shipboard automation; the impact of automation and technological changes on shipboard on labour relations; and the proper use of automation.



**MALPICA, Carlos. *Crónica del hambre en el Perú*.** Lima, Francisco Moncola Editores S.A., 1966. 285 pp. Bibliography.

An examination of the incidence and degree of hunger suffered by the Peruvian population from pre-colonial times to the present. Hunger is not new in Peru, the book argues. Even during the Inca and pre-Inca periods, an inadequate diet was the lot of the common man, and the Conquest was accompanied by widespread starvation and death. The present situation is still grave and, although varying from region to region, hunger, in one or more of its forms, affects a large proportion of the population. Among the causes examined are the faulty agrarian structure, dietary habits and traditions, and the emphasis on production for export as opposed to production for domestic consumption.

**VIET, Jean. *Les sciences de l'homme en France. Tendances et organisation de la recherche*.** Publications du Conseil international des sciences sociales, No. 7. Paris. The Hague, Mouton & C<sup>ie</sup>, 1966. 258 pp. Bibliography.

This book consists of a list of research subjects together with a review of research methods and techniques in the human sciences in France. It tries to pick out trends and lays the emphasis on current projects rather than on completed work. Its interest lies in the fact that it pinpoints the relationship between, first, the various human sciences (demography, linguistics, psychology, social psychology, social and cultural anthropology, human geography, sociology, economics, political science) and, secondly, between these sciences and other disciplines (law, natural history, history, philosophy, mathematics). The book also deals with scientific information and the publicising of the results of research. A comprehensive bibliography completes the work.

#### **Economic and social development**

**BALTRÁ CORTÉS, Alberto. *Problemas del subdesarrollo económico latinoamericano*.** Colección "Biblioteca de Amé-

rica, Libros del tiempo nuevo". Buenos Aires, Editorial Universitario, 1966. 94 pp.

The author of this work, a prominent Chilean economist, is a professor at the University of Chile and has published a number of important works on economics. His name is closely linked with the creation, support and work of the United Nations Commission for Latin America. The book is devoted to the study of a vital problem for Latin American countries, namely the acceleration of economic growth, of which a number of aspects are discussed: the general trends of the Latin American economies since the Second World War, the degree of underdevelopment, income per head, nutrition, living conditions, health, education, distribution of income, external trade, social structures and change, foreign capital, Latin American economic integration and the Alliance for Progress. The author does not attempt to offer an exhaustive analysis of the fundamental problems in this field but provides a clear and methodical summary accessible to all readers interested in the problems of our age.

#### **Labour relations**

**CURTIS, C. H. *The development and enforcement of the collective agreement*.** Kingston (Ontario), Queen's University, Industrial Relations Centre, 1966. ix+115 pp. Bibliography, list of cases. \$6.50.

Written by the Professor of Industrial Relations at Queen's University (Ontario), who is also a well-known chairman of arbitration and conciliation boards in Canada, this study deals mainly with the procedures provided by Canadian legislatures for the enforcement of collective agreements. After a survey of the development of collective bargaining in Canada since 1900, the collective agreement is examined in two chapters, one dealing with common law and the second with statute law. Two final chapters analyse the arbitration issue in Canada, with special emphasis on recourse to the courts.



DEPARTMENT OF LABOUR, Economic and Research Branch, Canada. *Répertoire de termes et expressions utilisées en relations industrielles et dans des domaines connexes*. Ottawa, 1966. 345 pp.

The purpose of this directory is to facilitate the filing of books, articles and documents directly concerned with, or referring to, industrial relations. The terms and expressions listed have been grouped under a number of "subject headings" and "secondary headings". At the end of the main directory are two bilingual lists (French-English and English-French) giving a selection of terms and expressions taken from a book published by the Industrial Relations Section of Princeton University.<sup>1</sup>

ISAAC, J. E. and FORD, G. W. (edited by). *Australian labour relations*. Readings. Melbourne, Sun Books, 1966. xv+512 pp. Bibliography. Australian \$3.50.

Intended primarily for university courses in labour relations and labour economics, this collection of 25 published articles written by some 16 authors and selected to cover the whole topic of industrial relations in Australia should be of interest also to advocates, union officials, industrial officers, public servants and all who practise in the field of labour. It is divided into four parts. Three of these—on industrial conflict, the trade unions, and industrial regulation and collective bargaining—include several articles and detailed bibliographies and are introduced by the editors in commentaries which identify the main issues discussed. The fourth part, on employers' associations, contains no articles because of the lack of suitable material, but gives a factual outline of the subject, and comments briefly on some of its more important aspects. Concluding with a guide to sources for research and teaching in industrial relations in Australia, the whole provides a comprehensive handbook on the subject.

<sup>1</sup> Committee of University Industrial Relations Librarians: *A standard list of subject headings in industrial relations* (Princeton, New Jersey), Princeton University, Industrial Relations Section, 1952).

SCOTT, Roger. *The development of trade unions in Uganda*. Nairobi, East African Publishing House, 1966. ii+200 pp. Bibliography. 27.50s.

A study written under the auspices of the East African Institute of Social Research (Kampala). After an introductory chapter on the geographical, demographic and economic features of Uganda, the book describes some of the key personalities involved in the development of the unions and the organisational problems they encountered. The principal unions and the Uganda Trades Union Congress itself are dealt with each in turn, and chapters are devoted to colonial labour policy and to relations between the Government and the unions since independence.

#### **Manpower; training**

BURCHINAL, Lee G. (edited by). *Rural youth in crisis. Facts, myths and social change*. Prepared for the National Committee for Children and Youth. Washington, Department of Health, Education and Welfare, Welfare Administration, 1965. x+401 pp. Bibliographical references. \$1.25.

A collection of background papers prepared for the National Conference on Problems of Rural Youth in a Changing Environment held in the United States in 1963. The subjects covered include rural education, vocational and technical education at the post-secondary level, problems in financing rural education, rural school drop-outs, the job outlook for rural youth, urban migration of rural youth and programmes to facilitate integration in the urban environment, rural community development programmes for youth and young adults, and child labour standards and school attendance laws as related to rural youth.

#### **Rural development**

STRAKACH, Yu. B. *Narodnye traditsii i podgotovka sovremennykh promyslovo-selskokhoziaistvennykh kadrov. Tazhnye i tundrovye raiony Sibiri*. Novo-

sibirsk, Izdatelstvo Nauka, Sibirskoe otделение, 1966. 145 pp. 0.68 rouble.

On the basis of thorough documentation and first-hand observation the author describes traditional systems of training in hunting, fishing, food-gathering and basic handicrafts in the Siberian taiga and tundra. He shows how the reform of these systems is linked with the process of socialist construction in rural areas. The aim is to suit the training methods to local conditions and to enable the people to pursue their occupations efficiently and at the same time prudently, so that natural resources are not exhausted.

### Co-operation

HESSELBACH, Walter. *Die gewerkschaftlichen Unternehmen*. Der Beitrag der Gewerkschaften zu einer verbraucherorientierten Wirtschaftspolitik. Frankfurt am Main, Europäische Verlagsanstalt, 1966. 133 pp. Appendix, index.

This book is based on a lecture the author gave at the Free University of Berlin in the summer of 1965 on co-operative and trade union undertakings in the Federal Republic of Germany. In view of the importance of undertakings of this type and the absence of overall surveys, the author sets out to retrace their history and to examine their validity in a context of economic theory. He defines the concept and principles of collective economy and discusses the relations between such an economy and

the trade unions and then between the consumer co-operatives in Germany and the working class. He gives several examples of undertakings which have arisen out of the co-operative and trade union movements: old-age insurance, housing construction, workers' banks, and other economic activities. The final chapter analyses the role of the collective-economy undertakings in respect of competition, and an appendix gives a list of 13 such undertakings with a short description of their structure and activities.

### Social security

ZABOZLAEV, A., ZAKHAROV, M., and KOLGANOV, I. *Spravochnik po pensionnym voprosam*. V pomoshch komissiyam FZMK. Second edition (enlarged). Moscow, Profizdat, 1966. 286 pp. 0.89 rouble.

The authors of this work give a detailed interpretation of the legislative and administrative provisions concerning the award of invalidity, old-age and survivors' pensions to wage earners in the U.S.S.R., as well as those relating to the method of calculating pensions. Considerable space is devoted to recently promulgated provisions governing the entitlement to a pension of retired persons who have returned to work. The interpretation of the various provisions is followed by specific examples to illustrate the remarks. The book gives extremely full information on this branch of social security in the U.S.S.R.

# **PUBLICATIONS OF THE INTERNATIONAL LABOUR OFFICE**

## ***Year Book of Labour Statistics* 1966**

This edition presents a summary of the principal statistics relating to labour in all parts of the world ; information is given on some 170 countries and territories.

Wherever possible, the data cover the last ten years (1956-65) and, for some tables, one period near the middle of 1966.

Texts, table headings and notes are given in three languages (English, French and Spanish), so as to permit as great a use as possible of this publication.

The *Year Book* contains ten chapters, each preceded by an explanatory note, on the following subjects :

**Total and economically active population.** By sex and age group—Distribution of the active population by status (branch of economic activity and occupational group).

**Employment.** Persons employed in major divisions of economic activity—General level—Non-agricultural sectors—Manufacturing (all industries and by industry)—Mining and quarrying—Construction—Transport.

**Unemployment.** General level—By industrial or occupational groups.

**Hours of work.** Non-agricultural sectors—Manufacturing (all industries, by industry and distribution (%)) of workers according to hours of work)—Mining and quarrying—Construction—Transport.

**Productivity.** National economy—Industrial sector—Manufacturing.

**Wages.** Non-agricultural sectors—Manufacturing (all industries and by industry)—Mining and quarrying—Construction—Transport—Agriculture—Compensation of employees and national income.

**Consumer prices.** General indices—Indices for food, fuel and light, clothing and rent.

**Household budgets.** Household income and expenditure.

**Industrial accidents.** Fatal accident rates in mining and quarrying, coal mines, manufacturing and railways.

**Industrial disputes.** Number of disputes, of workers involved and of working days lost.



# **PUBLICATIONS OF THE INTERNATIONAL LABOUR OFFICE**

## ***The Enterprise and Factors Affecting Its Operation***

In the course of its technical assistance work in the fields of productivity and management development the I.L.O. has found a need to supplement its *Introduction to Work Study* by a "small-scale map" of the whole field of management as a preparation for study of the many specialised books available on the techniques of management.

The present volume is the first in a planned series ("Introduction to Management") intended to provide a simple, basic guide to management as a whole. It is designed to assist the reader to understand clearly at the outset what the essential components and activities of an enterprise are and how closely these are linked together. To broaden the picture, the volume also outlines the main economic, political, technological and social factors which affect the operation of any enterprise in greater or lesser degree.

### **SUMMARY OF CONTENTS**

<b>CHAPTER I.</b>	<b>The Anatomy of an Enterprise.</b>
<b>CHAPTER II.</b>	<b>The Operational Activities.</b>
<b>CHAPTER III.</b>	<b>The Preparation Group of Operational Activities.</b>
<b>CHAPTER IV.</b>	<b>The Action Group of Operational Activities.</b>
<b>CHAPTER V.</b>	<b>The Financial Frame.</b>
<b>CHAPTER VI.</b>	<b>People ARE the Enterprise.</b>
<b>CHAPTER VII.</b>	<b>Economic and Political Factors Affecting Operation.</b>
<b>CHAPTER VIII.</b>	<b>Technological and Social Factors Affecting Operation.</b>
<b>CHAPTER IX.</b>	<b>Inherent Characteristics Affecting Operation.</b>
<b>APPENDICES :</b>	<b>Comparison of Operational Activities in Different Groups of Industries ; Attributes of an Enterprise and Effects Produced by Them ; Bibliography.</b>

# **PUBLICATIONS OF THE INTERNATIONAL LABOUR OFFICE**

## ***Safety and Health in Agricultural Work***

### **Code of Practice**

Farm work is traditionally regarded as laborious rather than as dangerous, but accidents are by no means infrequent and increasing mechanisation and the growing use of chemicals (to mention only two factors) are tending to expose the agricultural worker to occupational hazards no less serious and probably more various than those of the industrial worker. This new code of practice, like those already published, has been drafted by a meeting of experts from government and industry. It contains practical recommendations for safety and health precautions in all types of farm work, and is addressed to government services, farmers' and farmworkers' organisations and to all concerned with safety in agriculture.

### **CONTENTS**

<b>CHAPTER I.</b>	<b>General Provisions.</b>
<b>CHAPTER II.</b>	<b>Farm Buildings.</b>
<b>CHAPTER III.</b>	<b>Pits, Cellars and Silos.</b>
<b>CHAPTER IV.</b>	<b>Fire Protection.</b>
<b>CHAPTER V.</b>	<b>Machinery.</b>
<b>CHAPTER VI.</b>	<b>Engines.</b>
<b>CHAPTER VII.</b>	<b>Land Clearance and Soil and Crop Preparation.</b>
<b>CHAPTER VIII.</b>	<b>Machines for Harvesting and Storing Produce.</b>
<b>CHAPTER IX.</b>	<b>Woodworking and Metalworking Machines.</b>
<b>CHAPTER X.</b>	<b>Hoisting and Transport Equipment.</b>
<b>CHAPTER XI.</b>	<b>Pressure Vessels.</b>
<b>CHAPTER XII.</b>	<b>Hand Tools, Implements and Ladders.</b>
<b>CHAPTER XIII.</b>	<b>Vehicles.</b>
<b>CHAPTER XIV.</b>	<b>Animals.</b>
<b>CHAPTER XV.</b>	<b>Dangerous Substances.</b>
<b>CHAPTER XVI.</b>	<b>Electricity.</b>
<b>CHAPTER XVII.</b>	<b>Handling Goods.</b>
<b>CHAPTER XVIII.</b>	<b>Personal Protective Equipment.</b>
<b>CHAPTER XIX.</b>	<b>Hygiene.</b>
<b>CHAPTER XX.</b>	<b>Medical Aid.</b>
<b>CHAPTER XXI.</b>	<b>Accommodation and Feeding.</b>
<b>CHAPTER XXII.</b>	<b>Farm Safety and Health Organisation.</b>
<b>CHAPTER XXIII.</b>	<b>Reporting and Investigation of Occupational Accidents and Diseases.</b>
<b>CHAPTER XXIV.</b>	<b>Miscellaneous Provisions.</b>

# INTERNATIONAL LABOUR REVIEW

VOL. 96, No. 2 • AUGUST 1967

Minimum wages and the distribution of income with special reference  
to developing countries A. D. SMITH

Participation by occupational organisations in economic and social  
planning in Chile Manuel BARRERA

Reconciling stability and mobility in employment relationships in  
Rumanian law Leonid MILLER

Labour-management co-operation at the level of the undertaking in  
Sweden K. O. FAXÉN and E. PETTERSSON

Current information

Bibliography

INTERNATIONAL LABOUR OFFICE • GENEVA



# The I.L.O.

The International Labour Organisation was founded by governments for the purpose of international collaboration in securing the permanent peace of the world and eliminating social injustice through the improvement of conditions of labour. A special feature of its structure is that representatives of management and of labour organisations participate with government representatives in its proceedings. Established in 1919 it became in 1946 the first specialised agency associated with the United Nations. It has more than 100 member countries.

Over the years the I.L.O. has built up a large body of international agreements ("Conventions") and recommendations relating to basic rights of labour, employment and training, conditions of work, social security and protection at work. These are the result of detailed discussion at the annual International Labour Conference, comprising four delegates (two representing the government, one representing management and one representing labour) from each member country, speaking and voting individually. The Conventions and Recommendations are not automatically binding, but governments must submit them to their national legislatures; a Convention becomes binding upon ratification. Reports from the different governments on their implementation are examined annually by the Conference and there is also machinery for examination of complaints, including alleged violations of freedom of association.

Another major sector of the I.L.O.'s work consists in the provision of expert advice and technical assistance in matters connected with labour and social policy. Assistance is provided under the United Nations programmes of technical co-operation as well as under the I.L.O.'s regular budget. Much of this operational work lies in the fields of manpower training and utilisation, improvement of work methods and organisation, labour administration and the development of effective systems of industrial relations and social security.

These activities are organised by the International Labour Office, an international staff in Geneva with a field network in most parts of the world. The Office is also the permanent secretariat of the Organisation, and a clearing-house for international information and research. It is headed by a Director-General appointed by a Governing Body of 24 government representatives, 12 representatives of management and 12 representatives of labour, which meets three times a year.

In addition to the activities mentioned, matters of concern to particular regions and industries are discussed periodically by special conferences and committees, and many specialised technical meetings are organised. An International Institute for Labour Studies, set up by the Organisation at Geneva, provides persons occupying positions of responsibility in the different countries with opportunities for advanced study of labour policy questions.

All these activities are closely co-ordinated with a view to fulfilment of the purpose for which the International Labour Organisation was created—the promotion of social justice and peace.

# INTERNATIONAL LABOUR REVIEW

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Volume 96

August 1967

Number 2

---

## CONTENTS

Page

- 129 **Minimum wages<sup>1</sup> and the distribution of income with special reference to developing countries**

*A. D. SMITH*

The author argues that the role of minimum wages in raising the standards of living of the poorer members of society is more circumscribed in developing than in developed countries. This he attributes to certain features characteristic of the former, including the greater inequality of income distribution, the smaller proportion of wage earners in the labour force and the fact that those likely to benefit from minimum wage legislation (i.e. wage earners) enjoy living standards that are above the lowest. He points out, however, that minimum wages may nevertheless play an important social part through the impact they may have on the general level and structure of wages in an economy.

- 151 **Participation by occupational organisations in economic and social planning in Chile**

*Manuel BARRERA*

After outlining the structure and responsibilities of the various planning bodies that have been set up since 1939, the author describes the formal arrangements that were made for participation by employers' and workers' organisations in these bodies and concludes that, for various reasons, the practical results have been meagre. In the second part of the article he turns to social participation in a broader sense. He finds that there are signs of a political awakening, and the proliferation of popular associations and co-operatives of all kinds at the local level indicates an active interest in shaping the life of society. He refers to opinion surveys conducted among trade union leaders and employers, which reveal their views on participation in planning by their respective organisations. While the present national planning body (ODEPLAN) makes no provision for such participation, the Government is giving further consideration to this matter.

- 177 **Reconciling stability and mobility in employment relationships in Rumanian law**

*Leonid MILLER*

The right to work and freedom of labour are basic concepts in Rumanian law. The author shows how the provisions governing employment relationships—which are in all cases contractual—and a number of material and moral incentives seek to reconcile stability in employment with a certain degree of mobility, for, as he points out, it is only a judicious combination of the two that fully corresponds to the interests of both the undertaking and the employee and to the needs of the country as a whole.

- 194 **Labour-management co-operation at the level of the undertaking in Sweden** *K. O. FAXÉN and E. PETTERSSON*

A new works councils agreement was signed by the central employers' and workers' organisations in April 1966. It enhances the role of the councils while at the same time ensuring that they do not diminish the authority of local trade unions; states that their function is to aim at higher productivity and greater job satisfaction; defines the subject-matter of joint consultation; and deals in some detail with procedural and organisational matters. A second agreement establishes a top-level joint council whose task will be to follow developments in the field of labour-management co-operation, to guide research and provide information and advice on the subject, and to promote the training of the persons who are to be responsible for co-operation at the company level.

### CURRENT INFORMATION

- 204 Royal Commission on Trade Unions and Employers' Associations in the United Kingdom  
 206 Study on the revision of industrial relations legislation in Ceylon  
 207 Canadian Government task force to investigate labour relations  
 208 Specialised education in the U.S.S.R.  
 209 Five-day week in the U.S.S.R.  
 209 British T.U.C. conference on incomes policy  
 211 Unification of trade unions in the Democratic Republic of the Congo  
 211 Irish Congress of Trade Unions

### BIBLIOGRAPHY

- 213 **I.L.O. Publications**

- 214 **Book Notes**

BHAGWATI: L'économie des pays sous-développés — DELAMOTTE: Le recours ouvrier dans une entreprise américaine — EBERT: Genossenschaftsrecht auf internationaler Ebene — HAGMANN: Les travailleurs étrangers, chance et tourment de la Suisse — NEULOH: Die weisse Automation. Die Zukunft der Angestelltenschaft — OLUWASANMI: Agriculture and Nigerian economic development — SCHORR: Poor kids: a report on children in poverty — TOURAINE: La conscience ouvrière.

- 219 **Books Received**

- 223 **Automation Abstracts**

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# Minimum Wages and the Distribution of Income with Special Reference to Developing Countries

A. D. SMITH <sup>1</sup>

A SYSTEM of minimum wage regulation has two basic aspects: by directly affecting only one category of income, that of labour, and within that category only certain wage rates, it has an impact on the distribution of income in an economy; and through its repercussions on the general level and structure of wages and salaries, and thus, if less directly, on employment, productivity, prices, consumption and investment, it influences the process of economic growth.

This article is concerned only with the first of these two interrelated aspects of minimum wage regulation: the role of minimum wage regulation as a means of redistributing the existing national product, with a view to raising the standard of living of the poorer members of society. But the impact of minimum wage regulation on economic growth is also important in assessing effects on minimum living standards.

In the following section, attention is drawn first to the fact that raising minimum living standards by directly increasing the purchasing power of the lowest paid workers has hitherto been the primary object of minimum wage regulation, and secondly to some general limitations on the use of minimum wage regulation for this purpose. The second section focuses attention on certain differences in economic and social conditions which exist between developed and developing countries and which have an important bearing on the use of minimum wage regulation as a means of redistributing income in the latter countries. Some conclusions are drawn in a final section.

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<sup>1</sup> International Labour Office, and at present of the International Institute for Labour Studies, I.L.O., Geneva.

### **The use of minimum wage regulation as a means of redistributing income and its limitations in this role**

Minimum wage regulation has traditionally been used to raise minimum living standards directly, by seeking to assure the lowest-paid workers a higher wage in order that they can command a larger proportion of the (existing) national product. This has been the primary goal both of sectoral and national-uniform systems of minimum wage fixing. Briefly, a sectoral system approaches this goal by attempting to raise wages in the lowest-paid industries, a national-uniform system by raising the wages of the lowest-paid workers—the unskilled labourers. That both systems have normally had the same basic objective can be seen from the criteria which, formally at least, they have been required to adopt when fixing minimum wages. In Asian countries, where there is a preponderance of sectoral systems, “it follows from the very purpose of minimum wage regulation that one of the main criteria for the fixing of minimum rates should be the cost of maintaining a certain standard of living”.<sup>1</sup> And in Latin America, where there are many national-uniform systems, the “basic uniformity of aim is at once apparent from the definitions of minimum wages contained in the various laws. All of them treat the cost of living as the main factor to be taken into account in fixing wages, though they differ as to what should be included in the concept of a ‘living wage’”.<sup>2</sup>

The major limitation of this method of using minimum wage regulation as a way of raising minimum living standards is that not all instances of particularly low living standards, and probably not even a majority of them, can be directly attributed to unduly low wages. Chronic unemployment endured by the head of a household, frequently as a result of physical or educational handicaps, may be just as important. A recent survey of poverty in the United States revealed that “excessive unemployment” was an important cause of 40 per cent. of poverty.<sup>3</sup>

Moreover, the mere fact that *some* instances of a family's existence at the lowest living standards prevailing in a given country can be directly associated with the receipt of a wage among the lowest in the economy does not necessarily imply that the most effective method of improving the family's standard of living is to raise the wage. The principal reason for this is that a rise in these minimum wages may lead either to loss of

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<sup>1</sup> I.L.O.: *Problems of wage policy in Asian countries*, Studies and Reports, New Series, No. 43 (Geneva, 1956), pp. 58-59.

<sup>2</sup> Idem: *Minimum wages in Latin America*, Studies and Reports, New Series, No. 34 (Geneva, 1954), pp. 16-17. For example in Mexico and Brazil it is the workers' “normal needs”, in Uruguay a wage “which satisfies the physical, intellectual and moral needs of the worker”, and in Costa Rica, Guatemala and Panama the minimum wage should cover the “worker's normal material, moral and cultural needs” and enable him to fulfil his “duties as head of a family”.

<sup>3</sup> L. H. KEYSERLING: *Progress or poverty: the U.S. at the crossroads* (Washington, D.C., Conference on Economic Progress, Dec. 1964).

employment or to a deceleration in the rate at which employment opportunities increase. Such results mean at worst that the minimum living standard of some workers is raised at the expense of an actual deterioration in that of others or, at best, that minimum living standards are improved in one way—a rise in the minimum wage received by some workers—at the cost of certain improvements which would otherwise have been obtained as a result of a sharper reduction in the pool of unemployment.

Regardless of whether or not these adverse repercussions prove to be negligible, minimum wage regulation may be a clumsy method of preventing poverty even in those families where low wages are its main cause. This practical limitation stems from the fact that families vary in size. Normally, where minimum wages are fixed in such a way that an attempt is made to take account of the needs of the family as well as those of the worker himself, reference is made to the needs of a family of “standard” size and structure. In this case, poverty caused by the existence of families above the “standard” size is not corrected.<sup>1</sup> Attempts to remedy this by including in the minimum wage family allowances varying with the size of the family carry the danger that they may produce employment discrimination among the unskilled labour force against heads of large families, precisely those where living standards are likely to be the lowest.<sup>2</sup>

### **Minimum wage regulation and income distribution in developing countries**

#### **The distribution of income in developing countries**

From the point of view of immediate welfare, a particularly strong case can be made for reducing the degree of income inequality in developing countries. First, by definition, average real income per head is lower in developing than in developed countries so that, as is well known, below-average incomes, particularly the lowest incomes, represent especially acute poverty. Secondly, recent research has tended to substantiate what has long been suspected, namely that the distribution of income is even more unequal in developing than in developed countries, so that the foregoing argument applies *a fortiori*.

<sup>1</sup> Argentina, however, is an exception: family allowances for an average-sized family (wife and two children) are included in the workers' monthly wages, but there is also a family allowances fund, financed by contributions from employers, which ensures that workers with several children are not handicapped in finding jobs. See Arnaldo R. CAMPAÑÓ: “The Minimum Wage Act in Argentina”, in *International Labour Review*, Vol. 94, No. 3, Sep. 1966, pp. 237-254.

<sup>2</sup> Such a system has been in operation, for example, in the Congo (Kinshasa). See I.L.O.: *Rapport sur les salaires dans la République du Congo* (mimeographed document O.I.T./T.F./Congo/R.1) (Geneva, 1960), pp. 96 ff. A system of compensation was organised, but its administration was strongly criticised by employers, who considered it too complicated and too costly (*ibid.*, p. 103).



Probably the most careful compilation of data bearing upon this question has been made by Simon Kuznets.<sup>1</sup> In table I Kuznets's findings are presented in summary form or, more precisely, in the form of "concentration ratios" as calculated by E. Ahiram for 14 developing and developed countries.<sup>2</sup> Concentration ratios measure the way in which income is distributed among households: a high coefficient reflects a greater degree of income inequality than a low one. If incomes were equally divided among households, the value of the ratio would be zero and, at the other extreme, if all incomes were received by one household, the value of the concentration ratio would be unity.<sup>3</sup>

TABLE I. INCOME CONCENTRATION RATIOS IN SELECTED COUNTRIES

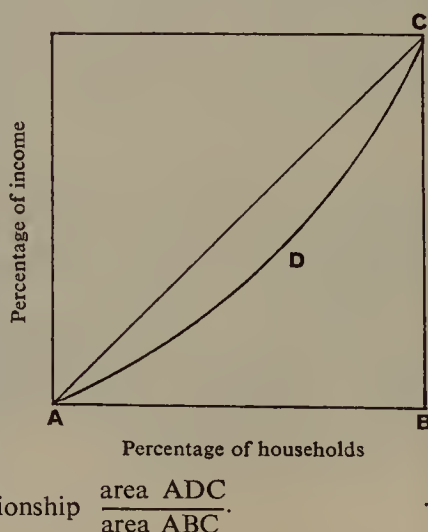
Countries	Date	Concentration ratio
Ceylon . . . . .	1952/53	.43
Colombia . . . . .	1953	.43
Denmark . . . . .	1952	.37
Germany (Fed. Rep.) . . . . .	1950	.39
Great Britain . . . . .	1951/52	.33
Guatemala . . . . .	1947/48	.44
India . . . . .	1950	.44
Italy . . . . .	1948	.37
Jamaica . . . . .	1958	.53
Mexico . . . . .	1957	.52
Netherlands . . . . .	1950	.39
Puerto Rico . . . . .	1953	.38
Sweden . . . . .	1948	.37
United States . . . . .	1950	.35

Source: see text.

<sup>1</sup> S. KUZNETS: "Quantitative aspects of the economic growth of nations: VIII. Distribution of income by size", in *Economic Development and Cultural Change* (Chicago, Ill.), Vol. XI, No. 2, Jan. 1963, Part II, pp 1-80.

<sup>2</sup> E. AHIRAM: "Income distribution in Jamaica, 1958", in *Social and Economic Studies* (Kingston, Jamaica), Vol. 13, No. 3, Sep. 1964, p. 343. Ahiram calculated concentration ratios from Kuznets's data in order to compare them with results he had obtained for Jamaica, a country not covered by Kuznets but included in table I. P. D. Ojha and V. V. Bhatt have calculated that the concentration ratio for India should be considerably lower than that given in table I. However, the validity of their results has been challenged and therefore the Kuznets-Ahiram estimate has been retained. See P. D. OJHA and V. V. BHATT: "Pattern of income distribution in an underdeveloped economy: a case study of India", in *American Economic Review* (Menasha, Wis.), Vol. LIV, No. 5, Sep. 1964, pp. 711-720; and the comments of E. MUELLER, I. R. K. SARMA and S. SWAMY, and the reply of Ojha and Bhatt, *ibid.*, Vol. LV, No. 5, Part 1, Dec. 1965, pp. 1173-1188.

<sup>3</sup> More precisely, the concentration ratio measures the proportion of the triangular area ABC which falls above a Lorenz curve ADC. A Lorenz curve is a plotting of the cumulative proportion of units (usually households) arranged in order from the smallest income to the largest against the cumulative share of the aggregate income accounted for by these units; with a perfectly equal distribution of income among the units, the Lorenz curve would coincide with the diagonal AC. Thus the concentration ratio measures the relationship



A degree of caution needs to be exercised in interpreting these results. More precisely, their significance may be questioned with respect to the quality and comparability of the basic data from which they were derived, the uniqueness and suitability of the measure of inequality adopted<sup>1</sup>, and the extent to which the countries included in table I are representative of developed and developing economies.<sup>2</sup> Even with these reservations, however, it seems fairly clear that income tends to be distributed less equally in developing than in developed countries, a tendency to which Kuznets draws attention.<sup>3</sup> The fact that there existed a greater degree of inequality in the distribution of income during the earlier stages of the economic development of the now industrialised countries lends support to the generalisation.<sup>4</sup>

### **The proportion of wage and salary earners in the labour force**

An important determinant of the extent to which minimum wage regulation can be used as a major tool for the redistribution of income is the proportion of wage and salary earners in the labour force; obviously the smaller this proportion, the more limited is the effect of minimum wage regulation in this respect. Statistics for selected countries bearing on this point are presented in table II.

The data reflect what is generally known, namely that the process of development is accompanied by—indeed, is largely dependent on—a rise in the proportion of the labour force employed in the “modern”, wage-paying sector. Thus, generalising from the regional classification adopted in table II, the lowest proportions are recorded for African countries, followed by Asian countries and the Middle East, Latin America and Eastern Europe and then the developed market economies. In short, the ratio tends to be low in developing countries. Thus, whilst only Japan in the group of developed market economies had a ratio of less than 70 per cent., proportions below this level were the rule in Latin America. In some Asian and Middle Eastern countries even lower ratios, typically less than 50 per cent., were recorded, and in many African countries it

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<sup>1</sup> For a brief guide to various measures of inequality that might be used, see H. T. OSHIMA: “The international comparison of size distribution of family incomes with special reference to Asia”, in *Review of Economics and Statistics* (Cambridge, Mass.), Vol. XLIV, No. 4, Nov. 1962, pp. 439-445.

<sup>2</sup> In the latter connection it may be noted that Africa is not represented. In fact Kuznets presented some data relating to the share of income of the top 5 per cent. of households in Northern Rhodesia, Southern Rhodesia and Kenya, which showed that they were very much in line with the other developing countries inasmuch as this group of households received a significantly larger proportion of total income than in developed countries. The same was true of Colombia, El Salvador and Guatemala, for which Kuznets also provided data.

<sup>3</sup> Though, given the above reservations, some writers believe that not “too much reliance” should be placed on the significance of this apparent contrast between developed and developing countries. See OSHIMA, *op. cit.*, p. 443.

<sup>4</sup> See KUZNETS, *op. cit.*, pp. 58-67.

TABLE II. WAGE AND SALARY EARNERS AS A PERCENTAGE OF THE ECONOMICALLY ACTIVE POPULATION IN SELECTED COUNTRIES

Region and country	Year	Percentage	Region and country	Year	Percentage
<i>Africa:</i>			<i>Middle East:</i>		
Congo (Leopoldville) . . . . .	1955	19 <sup>1</sup>	Syria . . . . .	1964	28
Gabon . . . . .	1963	20	Turkey . . . . .	1960	19
Ghana . . . . .	1960	20	U.A.R. (Egypt) . . . . .	1960	49
Kenya . . . . .	1960	21 <sup>2</sup>	<i>Western Europe,</i>		
Morocco . . . . .	1960	35	<i>North America,</i>		
Niger . . . . .	1959/60	1	<i>Australia and</i>		
Tanzania . . . . .	1962	10 <sup>2</sup>	<i>Japan:</i>		
<i>Latin America:</i>			France . . . . .	1964	70
Argentina . . . . .	1960	69	Germany (F.R.) . . . . .	1964	78
Brazil . . . . .	1950	51	Netherlands . . . . .	1960	76
Colombia . . . . .	1962	55	Sweden . . . . .	1964	83
Guatemala . . . . .	1950	40	United Kingdom . . . . .	1964	90
Mexico . . . . .	1960	64	United States . . . . .	1964	78
Peru . . . . .	1961	48	Australia . . . . .	1961	79
Trinidad and Tobago . . . . .	1960	72	Japan . . . . .	1964	57
Uruguay . . . . .	1963	69	<i>Eastern Europe:</i>		
<i>Asia:</i>			Czechoslovakia . . . . .	1950	63
Burma . . . . .	1953	54 <sup>3</sup>	Poland . . . . .	1960	52
Ceylon . . . . .	1959/60	55	U.S.S.R. . . . .	1959	60 <sup>4</sup>
China (Taiwan) . . . . .	1960	44	Yugoslavia . . . . .	1961	44 <sup>5</sup>
India . . . . .	1961	13			
Pakistan . . . . .	1961	20			
Philippines . . . . .	1963	27			

Sources: I.L.O.: *Yearbook of Labour Statistics*; United Nations: *Demographic Yearbook*; Pan-American Union: *Characteristics of the demographic structure of the American countries* (Washington, D.C., 1964).

<sup>1</sup> Indigenous population. <sup>2</sup> Estimate from K. C. DOCTOR and H. GALLIS: "Size and characteristics of wage employment in Africa: some statistical estimates", in *International Labour Review*, Vol. 93, No. 2, Feb. 1966, p. 167. <sup>3</sup> Based on 252 towns. <sup>4</sup> Excluding workers in kolkhozes. <sup>5</sup> Excluding members of producers' co-operatives.

seems that only a very small proportion of the labour force is remunerated by a wage or salary. In view of the major limitation which this suggests for minimum wage regulation as a tool of income distribution in Africa, it is useful to be able to draw on a more comprehensive collection of relevant data relating to that continent, which confirm the above results.<sup>1</sup> Out of 32 African countries for which an attempt has been made to obtain

<sup>1</sup> See K. C. DOCTOR and H. GALLIS: "Size and characteristics of wage employment in Africa: some statistical estimates", in *International Labour Review*, Vol. 93, No. 2, Feb. 1966, pp. 149-173. The authors draw attention to the many qualifications which must be made with regard to the coverage and comparability of their estimates. It is unlikely, however, that the shortcomings of these data are sufficient to vitiate to any great extent the general



or estimate a figure for the proportion of wage and salary earners in the labour force, as many as 22 have percentages of 20 or less, three have 21-30, three others have 31-40, a further three have 41-50, and only one has 50 or more.

It might be argued that whilst, in these circumstances, minimum wage regulation cannot at present be the most important, or even a major, redistributory instrument in a large number of developing countries, the possibilities of using it for this purpose will increase in step with the economic development of these countries and the accompanying relative expansion of the modern sector. In fact the relative expansion in the number of wage and salary earners may be very slow in many developed countries. Reliable labour force statistics in developing countries are scarce enough, even on a current basis, let alone for earlier years, and this makes the task of determining the rates at which such economies are developing in this sense rather difficult. However, an attempt has been made in table III, within the limits of the existing data, to show the rate at which the proportion of wage and salary earners in the total labour force is changing in certain countries.

The most striking feature of this table is the contrast between the small degree of variation in the annual rates recorded in the developed countries—leaving out Japan, they range from 0.2 per cent. in the United Kingdom and Australia to 1.4 per cent. in France and the Federal Republic of Germany—and the much greater variation registered in the developing countries—from minus 1.5 per cent. a year in Ceylon to plus 7.4 per cent. in China (Taiwan). More pertinently in the present context, out of the 12 developing countries in table III, as many as seven had either negative growth rates for the share of the modern sector or rates of less than 1 per cent. a year.<sup>1</sup> Unfortunately, for African countries there appear to be virtually no usable data on the basis of which changes in the proportion of wage and salary earners can be gauged. In 1952, 18 per cent. of the labour force of the then Belgian Congo were wage and salary earners; in 1955 the corresponding percentage for the indigenous labour force was 19.1. If it is assumed that the percentage of wage and salary earners in the non-indigenous labour force is greater than among indigen-

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picture which emerges. The same authors had previously presented similar estimates for some Asian countries in "Modern sector employment in Asian countries: some empirical estimates", *ibid.*, Vol. XC, No. 6, Dec. 1964, pp. 544-568. These estimates differ from those made for African countries principally in the exclusion of wage earners in agriculture (other than those on plantations) and domestic servants. Since both in principle and practice these groups of workers can be protected by minimum wage regulation, though enforcement in their case is apt to be especially difficult, measurements which exclude them are not relevant for determining the potential scope of such regulation and, accordingly, attention is more properly paid to the proportions given for Asian countries in table II.

<sup>1</sup> Some reasons for slow and occasionally negative growth in the proportion of wage and salary earners in developing countries are examined by W. BAER and M. E. A. HERVÉ in "Employment and industrialisation in developing countries", in *Quarterly Journal of Political Economy*, Feb. 1966.

TABLE III. ANNUAL RATES OF CHANGE IN THE PROPORTION OF  
WAGE AND SALARY EARNERS IN THE LABOUR FORCE  
(Percentage)

Region and country	Period	Rate of change	Region and country	Period	Rate of change
<i>Asia:</i>			<i>Western Europe,</i>		
Ceylon . . . . .	1953-59/60	-1.5	<i>North America,</i>		
China (Taiwan)	1956-60	7.4	<i>Australia and</i>		
India . . . . .	1951-61	2.8	<i>Japan:</i>		
Pakistan . . . . .	1951-61	2.6	France . . . . .	1955-64	1.4
Philippines . . .	1956-63	-0.6	Germany (F.R.)	1950-64	1.4
<i>Middle East:</i>			Netherlands . . .	1950-64	0.7
Turkey . . . . .	1955-60	6.2	Sweden . . . . .	1950-64	0.7
U.A.R. (Egypt)	1947-60	0.9	United		
<i>Latin America:</i>			Kingdom . . . . .	1950-60	0.2
Argentina . . . .	1947-60	-0.1	United States . .	1950-64	0.4
Colombia . . . . .	1951-62	0.5	Australia . . . . .	1947-61	0.2
Mexico . . . . .	1950-60	3.3	Japan . . . . .	1950-60	3.3
Peru . . . . .	1940-61	0.7			
Trinidad					
and Tobago . . .	1946-60	0.7			

Sources: I.L.O.: *Yearbook of Labour Statistics*; United Nations: *Demographic Yearbook*; Pan American Union: *Characteristics of the demographic structure of the American countries* (Washington, D.C., 1964).

Note: DOCTOR and GALLIS, in "Modern sector employment in Asian countries", op. cit., using their own definitions of the "modern sector", were able to obtain some estimates of comparable changes in three Asian countries: India (1951-61), Japan (1956-62) and the Philippines (1956-61). For the latter country, instead of the small negative change given in table III, they found a slight positive growth—about 1 per cent. a year. For India their data also showed a growth of about 1 per cent. a year and for Japan about 9 per cent.

ous workers, these figures suggest a tendency for the share of the modern sector in the total labour force to expand. In contrast, data available for Ghana suggest a sharp contraction between 1948 and 1960 in the proportion of the labour force employed as wage and salary earners, though this may be due to bias resulting from the fact that only part of the population was covered by the relevant census in 1948.<sup>1</sup>

### The relative living standards of wage and salary earners

The major restriction on minimum wage legislation as a means of raising minimum living standards in developing regions stems from the probability that the members of society who, potentially, can benefit from

<sup>1</sup> Data relating to African males in 1954/55 showed a modern sector share of 30 per cent. in Kenya; data relating to all workers showed a share of only 20 per cent. in 1960. The inclusion of non-indigenous workers in 1960 would probably tend to raise the share, but the inclusion of female workers would tend to reduce it, so that it is not possible to determine whether or not the observed change indicates a real development.

its protection—workers remunerated by wage—enjoy living standards which are above the lowest in these regions. Whether or not this is true is crucial for determining whether or not minimum wage regulation has a role to play in raising minimum living standards. In the following paragraphs evidence relating to the relative position of, first, the *average* wage and salary, and secondly, the wage of the unskilled worker, is reviewed.

Before these data are examined, however, attention should be drawn to an important qualification that must be borne in mind when interpreting them. As will be seen, considerable stress is laid on the fact that urban/industrial monetary incomes tend to be higher than rural/agricultural incomes.<sup>1</sup> Yet account needs to be taken, for example, of the fact that to some extent a disparity between wages and average income per head in favour of the town dwellers will overestimate the *real* difference in material welfare between them and the rural population. In this connection, it has been pointed out that “since in underdeveloped countries the wage earners are mainly urban and the other workers largely rural, and the difference between urban and rural costs of living tends to be large, the discrepancy is probably significantly smaller in real income than in money income”.<sup>2</sup> There are several reasons for this. First, regardless of any differences in the prices of consumer goods, minimum needs in urban areas may well be greater than in rural ones when account is taken, for example, of certain necessary travel and clothing expenses. Secondly, there may well be a tendency to undervalue the income in kind received by the rural population.<sup>3</sup> Thirdly, “the annual income of the average wage earner will often be the result of many more hours of work than those that earn the annual income of the average peasant, who may be seriously underemployed”.<sup>4</sup> Finally, it should not be forgotten that wage earners in the agricultural sector may be among the lowest paid of all.

Because of the general paucity of data concerning the incomes of subsistence workers in developing countries, no direct comparison of their living standards with that of wage earners is possible. Nevertheless, there are two sources which provide information that has a bearing, if only an indirect one, on such a comparison: certain findings obtained in the process of comparing the distribution of income in developed and developing countries; and certain results obtained in the course of international comparisons of labour costs.

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<sup>1</sup> Depending on the particular source, incomes are classified into “urban” and “rural” or “industrial” and “agricultural”.

<sup>2</sup> “Trade, wages and employment in textiles”, in *International Labour Review*, Vol. LXXXVII, No. 1, Jan. 1963, p. 14.

<sup>3</sup> The valuation of income in kind in developing economies is discussed in P. T. BAUER and B. S. YAMEY: *The economics of underdeveloped countries* (London, James Nisbet, 1957), Chapter II.

<sup>4</sup> “Trade, wages and employment in textiles”, loc. cit.



Whilst considerable, if insufficient, attention has been given to the measurement of income distribution, the factors which shape this distribution are still largely unexplored, especially in the case of developing countries.<sup>1</sup> Nevertheless, the likelihood that income is distributed more unequally in developing than in developed economies has prompted some speculation and research into the causes. In particular, Kuznets has found it possible to analyse the distribution of incomes in terms of the dispersion of incomes *within* the agricultural and non-agricultural sectors respectively, and *between* the average income levels for these two sectors.<sup>2</sup> The results are presented in the form of concentration ratios<sup>3</sup> in table IV. It appears that there is a tendency, rather marked in the case of the three developing countries<sup>4</sup>, for income distribution to be less unequal in the agricultural than in the non-agricultural sector.

In the present context the significance of these findings is that if incomes in the agricultural sector do tend to be less unequal than in the non-agricultural sector, and given the relatively greater importance of the agricultural sector in developing as compared with developed countries, then, *ceteris paribus*, the former countries should tend to have lower concentration ratios than developed economies. That the opposite is the case is due to the fact that the above tendency is counteracted by the greater differential *between* average agricultural and average non-agricultural incomes in developing countries and by a greater dispersion of incomes *within* the non-agricultural sector of developing countries compared with developed economies.<sup>5</sup>

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<sup>1</sup> For an analysis of certain relevant factors in a developed country, see J. MORGAN: "The anatomy of income distribution", in *Review of Economics and Statistics* (Cambridge, Mass.), Vol. XLIV, No. 3, Aug. 1962, pp. 270-283.

<sup>2</sup> *Op. cit.*

<sup>3</sup> For an explanation of "concentration ratios", see p. 132 above.

<sup>4</sup> AHIRAM (*op. cit.*, pp. 347-348), making parallel calculations for Jamaica, found a higher concentration ratio for the "rural" sector than for the "urban" one. This could be due to the fact that his measures take no account of income in kind, which would tend to narrow the "rural" income differential, and that the average income of the top group was assumed to be identical in both sectors; though, in Ahiram's view, these considerations would not explain the entire difference.

<sup>5</sup> To quote KUZNETS (*op. cit.*, p. 48) in relation to sectoral income differences: "The major finding relevant here has already been stressed: the wider intersectoral differences in product or participation income per worker (or per capita) in the less developed countries and regions. These differences are due largely to the greater disparities, in the less developed countries or regions, between the product or participation income per worker in agriculture (and related activities) and the non-agricultural sector as a whole"; and in relation to dispersion *within* these two sectors (*ibid.*, p. 54): "Nor is there any contradiction between this finding of wider inequality in distribution of income in the non-agricultural sectors, and the findings of the earlier tables which show narrower inequality in the size distribution in those countries and regions that are the more developed and in which, therefore, the non-agricultural sector has greater weight. It means only that the inequality in the size distribution of income is narrower in the more developed, more industrialised countries *despite* the greater weight within the latter of the non-agricultural sector. Or, to put it differently, the narrower inequality in the income distribution in the more industrialised countries, combined with a greater weight of the non-agricultural sector in the latter, means that the size distribution

TABLE IV. AGRICULTURAL AND NON-AGRICULTURAL INCOME CONCENTRATION RATIOS

Country	Period	Agri-cultural sector	Non-agri-cultural sector
Ceylon . . . . .	1952-53	.45	.52
Germany . . . . .	1928	.19	.35
India . . . . .	1953-57	.40	.69
Italy . . . . .	1948	.41	.40
Netherlands . . . . .	1954	.22	.29
Puerto Rico . . . . .	1953	.32	.43
Sweden . . . . .	1959	.36	.39
United States . . . . .	1950-53	.41	.34

Source: S. KUZNETS: "Quantitative aspects of the economic growth of nations: VIII. Distribution of income by size", in *Economic Development and Cultural Change* (Chicago, Ill.), Vol. XI, No. 2, Jan. 1963, Part II, table 14, pp. 50-51.

Note: In the cases of Italy, Germany, the Netherlands and Sweden the sectoral division is between "agriculture" and "other"; for Ceylon and Puerto Rico between "agriculture, hunting and fishing" and "other"; for the United States, between "farm" and "non-farm"; and for India, between "rural" and "urban".

It would be wrong to deduce, on the basis of this alone, that the average income of self-employed workers is less than that of wage and salary earners; there are wage and salary earners in the rural/agricultural sector, and by no means all urban/non-agricultural incomes are derived from wages or salaries. Nevertheless, the findings do lend support to the implications of other results, obtained in the process of comparing labour costs in different countries.<sup>1</sup> In the course of their work, Williams and Eaton compared for certain countries the average compensation per wage and salary earner with the level of gross domestic product per member of the total labour force—a statistic which can be conveniently termed a "wage/income ratio". As can be seen from table V, in almost all countries covered in this study the ratio is less than unity. Only in the Philippines, a developing country, and Japan—which, at least in the year to which the data relate, might also have been classified as developing—was a ratio greater than unity obtained. Of the remaining ten countries in the table, only one, Argentina, can be considered as a developing economy.

These findings are corroborated by an exercise carried out, still

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of income is much less unequal *within* the non-agricultural sector of the more developed countries; and probably the same is true of size distributions of income within the agricultural sector in the two groups of countries."

<sup>1</sup> The two sources of these results are F. M. WILLIAMS and E. I. EATON: "Payments for labor and foreign trade", in *American Economic Review* (Menasha, Wis.), Vol. XLIX, No. 4, Sep. 1959; and "Trade, wages and employment in textiles", op. cit.

TABLE V. WAGE/INCOME RATIOS, 1955

Country	Wage/ income ratio	Country	Wage/ income ratio
Argentina . . . . .	.74	Japan . . . . .	1.24
Australia . . . . .	.62	Netherlands . . . . .	.69
Belgium . . . . .	.64	Philippines . . . . .	1.94
Canada . . . . .	.71	Norway . . . . .	.73
France . . . . .	.72	United Kingdom . . . . .	.75
Germany (Fed. Rep.) . . . .	.81	United States . . . . .	.83

Source: WILLIAMS and EATON, op. cit., p. 589.

within the context of an international comparison of labour costs, for certain other countries for 1958<sup>1</sup>:

*Ratio less than unity:* Austria, Belgium, Canada, Finland, France, Federal Republic of Germany, Italy, Netherlands, New Zealand, Norway, Spain, United Kingdom, United States.

*Ratio more than unity:* Algeria, China (Taiwan), Honduras, Japan, Philippines, Turkey, Yugoslavia.

As can be seen, the countries fall rather neatly into two groups, developed countries tending to have a ratio of less than unity and developing countries a ratio greater than unity; the inclusion of Spain in the former group and Japan in the latter might be considered as qualifying somewhat this otherwise sharp division. In fact, a scatter diagram between these ratios and the degree of development as measured by the proportion of wage and salary earners in the labour force shows a fairly pronounced negative correlation.<sup>2</sup>

A later study sought to measure such wage/income ratios with the specific intention of learning something about the relative well-being of wage earners in developing countries. The results are presented in table VI.<sup>3</sup> Before examining these results it should be pointed out that in the case of table VI the wage/income ratios were based on national income, whilst those of table V are derived from figures of gross domestic product. This means (as can be seen from a comparison of tables VI and VII) that for a given country the wage/income ratio will tend to be higher in table VI than in the others.

Reviewing the results, the author points out that "the inverse association between the stage of economic development and the relative

<sup>1</sup> "Trade, wages and employment in textiles", op. cit. In this exercise, gross national product, not gross domestic product, was used for deriving the wage/income ratio.

<sup>2</sup> "Trade, wages and employment in textiles", op. cit., p. 13.

<sup>3</sup> Adapted from Koji TAIRA: "Wage differentials in developing countries: a survey of findings", in *International Labour Review*, Vol. 93, No. 3, Mar. 1966, pp. 281-301.



advantage of paid employment [the wage/income ratio] is strikingly illustrated by the contrast between the developed and the developing countries".<sup>1</sup> Yet the results are not as clear-cut as in the countries grouped above (p. 140). More precisely, "there are several developing countries where paid employment is not particularly advantageous relative to other activities".<sup>2</sup> These include Argentina, Cyprus, Spain and Mauritius.<sup>3</sup> Nevertheless, whilst wage/income ratios in all the 15 "richer" countries fall below .87, among developing countries this is the case only in the four mentioned above. Of the rest, six lie between .86 and 1, and as many as seven are greater than 1, including the four poorest.

TABLE VI. WAGE/INCOME RATIOS IN RICHER AND POORER COUNTRIES <sup>1</sup>

Richer countries			Poorer countries		
Country	Period	Ratio	Country	Period	Ratio
United States . . . .	1962	.85	Puerto Rico . . . . .	1963	.91
Canada . . . . .	1961	.84	Finland . . . . .	1960	.96
Sweden . . . . .	1960	.80	Ireland . . . . .	1961	.91
Switzerland . . . . .	1960	.71	Japan . . . . .	1960	.99
New Zealand . . . .	1960	.70	Argentina . . . . .	1960	.73
Norway . . . . .	1960	.84	Cyprus . . . . .	1960	.74
Australia . . . . .	1961	.82	Spain . . . . .	1960	.76
Germany (Fed. Rep.)	1962	.81	Jamaica . . . . .	1960	.98
United Kingdom . .	1962	.81	Panama . . . . .	1960	1.66
Denmark . . . . .	1960	.75	Greece . . . . .	1960	1.26
France . . . . .	1962	.85	British Guiana . . .	1960	.87
Belgium . . . . .	1962	.76	Turkey . . . . .	1960	2.73
Netherlands . . . .	1963	.71	Mauritius . . . . .	1962	.67
Austria . . . . .	1961	.86	Honduras . . . . .	1961	1.36
Italy . . . . .	1960	.83	Ecuador . . . . .	1961	1.16
			Korea (South) . . .	1963	1.50
			Philippines . . . . .	1959	1.29

<sup>1</sup> The richer countries are those in which gross domestic product per head in 1964 exceeded U.S.\$1,000 at parity rates. Countries are ranked in descending order of gross domestic product per head in that year.

Since total income per head of the labour force includes non-labour incomes<sup>4</sup>, it is clear that a wage/income ratio greater than unity implies, in monetary terms at least, that the average wage and salary is above the average labour income of the remainder of the labour force. It does not

<sup>1</sup> KOJI TAIRA: "Wage differentials in developing countries: a survey of findings", in *International Labour Review*, Vol. 93, No. 3, Mar. 1966, p. 295.

<sup>2</sup> *Ibid.*, p. 296.

<sup>3</sup> TAIRA points out (p. 296) that "for developing economies these countries have rather high proportions of their labour forces in paid employment—the ratios are comparable with those prevailing in several developed countries a decade ago".

<sup>4</sup> Including, in the case of tables V and VII and the countries grouped on p. 140 above (but not table VI), a depreciation allowance.

follow, however, that a wage/income ratio of less than unity means that average wages are below the average labour incomes of the self-employed. This will be the case only if the sum total of wages (compensation of employees) constitutes a smaller proportion of total labour income than the proportion of wage earners in the total labour force. A numerical example will make this clear.

Suppose there is a country with a working population of 1 million people of whom 400,000 (40 per cent.) are wage earners, and that its total national income is \$1,000 million of which 80 per cent. is labour income. If wages account for exactly \$320 million or 40 per cent. of the total labour income of \$800 million, leaving \$480 million as labour income for 600,000 self-employed, the average wage (W) and the average labour income of the self-employed (I) are both equal to \$800. But if wages account for any more than \$320 million the average wage will exceed the average non-wage labour income, even though it may fall short of the average of all incomes including non-labour incomes. Suppose that wages amount to \$360 million in all; then W is \$900, the wage/income ratio is .9 and I is \$733, i.e. lower than W. Non-labour income may go partly (though probably to a rather small extent) to wage earners, partly to the self-employed and partly to people who are not in the labour force at all, e.g. non-working landlords and rentiers.<sup>1</sup>

In short, there is a "critical" value for the wage/income ratio (i.e. the proportion of labour income to gross domestic product or in national income if that concept has been used for deriving the wage/income ratio), at which there is no difference between average wages and the average labour income of independent workers. This value for the wage/income ratio is .8 in the above example. An attempt has been made to calculate in table VII the actual and "critical" values for wage/income ratios in some countries where suitable data for their calculation exist.<sup>1</sup> These critical ratios measure the sum of the national accounts items "compensation of employees" and, as an approximation to the income of the self-employed, "income from unincorporated enterprises", as a percentage of gross domestic product. It can be seen that the critical ratios given in table VII for six typical developed countries are rather similar, ranging between .64 and .70. In Australia, France and the United Kingdom they are very close to the actual ratios, suggesting that average wages and the average labour income of the self-employed are very close to equality. In Sweden, the United States and Japan the actual wage/income ratio seems to be substantially above the "critical" level. This implies that wage earners receive more than their proportionate share of total labour income, i.e. that they have higher average incomes from work than the self-employed.

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<sup>1</sup> It should be noted that when one is using a gross concept of national income non-labour income includes depreciation.

TABLE VII. ACTUAL AND " CRITICAL " WAGE/INCOME RATIOS, 1960

Country	Actual ratios	" Critical " ratios
Australia <sup>1</sup> . . . . .	.64	.66
France . . . . .	.68	.67
Japan . . . . .	.83	.64
Sweden <sup>2</sup> . . . . .	.77	.70
United Kingdom . . . . .	.66	.67
United States . . . . .	.77	.68
Ceylon . . . . .	.77	.73
China (Taiwan) . . . . .	.85	.61
Korea . . . . .	1.56	.74
Malta <sup>3</sup> . . . . .	.71	.86
Trinidad and Tobago . . . . .	.51	.63

Sources: United Nations: *Yearbook of National Accounts Statistics*; I.L.O.: *Yearbook of Labour Statistics*.

<sup>1</sup> Labour force figures, 1961. <sup>2</sup> Labour force figures 1964, national accounts statistics 1963. <sup>3</sup> 1957.

This need occasion no surprise when it is recalled that, on the one hand, certain salaries can be very high and, on the other, that " unincorporated enterprises " include a large number of small farms and retail and service businesses. The fact that the average wage in developed countries may also be above the average income of self-employed workers suggests that the limits which such a situation imposes on the role of minimum wage regulation as a means of raising minimum living standards may not be confined to developing countries.

If both actual and critical income ratios can be calculated for a given country, that is, if separate data are available for compensation of employees, income from unincorporated enterprises, the number of wage and salary earners and the number of self-employed, then in principle at least a direct estimate can be made of the ratio of the average wage to the average income of the self-employed. There is, however, a major data limitation. It is frequently impossible to calculate critical income ratios for developing countries—even for those for which some data relating to the distribution of factor income are available—on account of the fact that income from unincorporated enterprises is often not distinguished from property income.<sup>1</sup> And it is often impossible to

<sup>1</sup> That the category " income from unincorporated enterprises " may include certain non-labour income—for instance the profits of unincorporated enterprises—as well as " pure " returns to labour (equivalent to the wage or salary that could have been earned in paid employment) is an advantage rather than otherwise when our purpose is to make a welfare income comparison between wage and salary earners and the subsistence workers and self-employed. Such a comparison requires ideally that all forms of income going to these groups be taken into account. But in preparing national accounts statistics, income attributable to the ownership of land and buildings and the possession of financial assets is, so far as possible, excluded from the heading " income from unincorporated enterprises " and entered under " income from property ".



obtain reliable figures for the number of wage and salary earners and of the self-employed—at least, during a period for which the relevant income streams are available. Nevertheless it has been possible to provide some “critical” and actual ratios for a few developing countries in table VII. The results are not inconsistent with Kuznets’ statement that the “share of property income in total income of households in underdeveloped countries is about the same as, or slightly higher than, the share in the developed countries”.<sup>1</sup>

Since, as already stated, the necessary information is generally not available for developing countries, table VIII contains the values of the ratio of the average wage to an average non-wage labour income for common or plausible values of the three factors with which it varies: the wage/income ratio; the proportion of non-labour incomes in total incomes; and the proportion of wage earners in the total labour force.<sup>2</sup>

The above discussion was concerned essentially with the relative level of the *average* wage and salary in developing countries; attention is now turned to the question of *minimum* rates. It should be realised that the fact that the average wage is greater than the average income of the self-employed in developing countries does not preclude the possibility that the minimum wage may represent standards of living amongst the lowest in the country; wage and salary incomes might be distributed more widely about their average than independent incomes. Indeed, some of the available data can perhaps be interpreted as showing just that. In particular, attention has already been drawn (p. 138 above) to the fact that in developing economies the dispersion of urban incomes is probably wider than that of rural incomes. Nor can the wide dispersion of urban

<sup>1</sup> Op. cit., p. 46.

<sup>2</sup> The values in table VIII have been calculated as follows:

Let  $Y$  be a country’s national income, of which a fraction  $a$  is labour income.

Let  $L$  be its labour force, of which a fraction  $b$  are wage earners, earning an average wage  $W$ .

We want a formula for calculating the average non-wage labour income  $I$ , so as to determine the ratio of this to average wages  $\frac{W}{I}$ .

Total labour income =  $aY$ , of which wages account for  $bLW$ , leaving  $aY - bLW$  to be shared between  $L(1-b)$  independent workers, whose average income is accordingly

$$I = \frac{aY - bLW}{L(1-b)} \dots \dots \dots (1)$$

The wage/income ratio is  $\frac{W}{Y/L}$  or  $\frac{LW}{Y}$ .

When  $\frac{LW}{Y} = .75$ ,  $LW = .75Y$  and  $W = \frac{.75Y}{L}$ . Substituting in (1), we have  $I = \frac{aY - b(.75Y)}{L(1-b)}$ .

When  $a = .6$  and  $b = .4$ ,  $I = \frac{.6Y - .3Y}{.6L} = \frac{.3Y}{.6L}$  and  $\frac{W}{I} = \frac{.75Y}{L} \times \frac{.6L}{.3Y} = \frac{.45}{.3} = 1.5$ .

The same calculations can be made for other values of  $a$  and  $b$ , and also for other values of  $\frac{LW}{Y}$ .

TABLE VIII. HYPOTHETICAL VALUES OF AVERAGE WAGE/AVERAGE INDEPENDENT WORKERS' INCOME RATIOS IN DEVELOPING COUNTRIES

Wage/income ratio	Labour income: 60 per cent. of total income		Labour income: 80 per cent. of total income	
	Wage earners as 40 per cent. of labour force	Wage earners as 20 per cent. of labour force	Wage earners as 40 per cent. of labour force	Wage earners as 20 per cent. of labour force
.75	1.5	1.33	.9	.92
1.00	3.0	2.00	1.5	1.33
2.00	— <sup>1</sup>	8.00	— <sup>2</sup>	4.00

<sup>1</sup> Non-wage labour income is negative. <sup>2</sup> Non-wage labour income is zero.

incomes be solely, or even mainly, attributed to the inclusion of most non-labour (i.e. property) incomes in this group. A new study shows that the dispersion of *earned* incomes tends to be wider in developing countries than in the developed.<sup>1</sup> In all probability, this, in turn, largely reflects the well-known tendency for the range of wage and salary rates and earnings to be greater in developing than developed countries. For "research findings are relatively abundant in relation to the wage differentials between skilled and unskilled manual trades [and show that] these are wider in developing than developed countries".<sup>2</sup> Similarly, "in 1950 [occupational] wage differentials were and still remain very much larger in developing countries than in industrialised countries".<sup>3</sup> And data comparing skilled and unskilled wage rates show that whilst "the ratios vary considerably from country to country, the general picture brings out differences based on skills . . . that are far larger than those prevailing in developed economies".<sup>4</sup> Even so, recent findings suggest that inter-occupational differentials may account for a smaller proportion of total income variation than intra-occupational differentials.<sup>5</sup>

Despite these considerations, there are reasons for believing that the rates of pay for unskilled labour in developing countries represent living standards that are above the lowest. In particular, there is evidence

<sup>1</sup> The forthcoming study by H. F. LYDALL: *The structure of earnings: an international study*.

<sup>2</sup> TAIRA, op. cit., p. 301. It seems that both inter-industry and inter-occupational wage differentials are narrowing over time.

<sup>3</sup> H. GÜNTHER: "Changes in occupational wage differentials", in *International Labour Review*, Vol. LXXXIX, No. 2, Feb. 1964, p. 141. Günter also draws attention to the tendency for these differentials to narrow over time in developing countries.

<sup>4</sup> I.L.O.: *Methods and principles of wage regulation*, Report III, Second African Regional Conference, Addis Ababa, 1964 (Geneva, 1964), p. 26.

<sup>5</sup> LYDALL, op. cit.

that in developing countries the wage distributions are skew to a rather substantial extent; more precisely, with the wage range divided into equal class intervals, most wage earners would be included in the lower groups. Such distributions are illustrated in table IX by data relating to Pakistan, Ghana and Indonesia. Also, it has been reported that in the Congo (Kinshasa), 46 per cent. of workers received earnings of less than 120 per cent. of the legal minimum wage, compared with 26 per cent. who received more than double this minimum.<sup>1</sup> Such a bunching in the lower wage groups probably reflects the tendency for the minimum rates to be rather often the "going rates" in developing countries<sup>2</sup>; the impression of wider differentials in developing countries, referred to above, probably reflects greater differentials at the top end of the skill scale.

Three factors could contribute to such a wage distribution in developing countries. First, labour forces in developing economies tend to have an unduly high proportion of unskilled workers. Secondly, the generally low standards of living mean that the wage floor, below which a worker earns insufficient to maintain himself in a state where he is physically capable of performing his job, may be quite near the average wage. Thirdly, minimum wage regulation itself, which has now been quite widely adopted by developing countries, may well have supported the two "natural" factors, cited above, in shaping the wage distribution.<sup>3</sup>

The significance of these findings is that the more skew a distribution in this respect, the nearer are the minimum rates to the average<sup>4</sup>; and taken in conjunction with the degree to which the foregoing paragraphs indicate that the average wage may exceed the average income of independent workers, this suggests that minimum wage rates will provide living standards above the lowest. In the case of Ghana, for example, the

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<sup>1</sup> *Rapport sur les salaires dans la République du Congo*, op. cit., p. 24.

<sup>2</sup> Though this is certainly not always the case. For example in Malta the Employment and Shops Ordinance, 1938, fixed minimum rates for shops, hotels, transport, factories and workshops. These rates had not been changed by 1948 when they were equal to about only one-third of prevailing rates. Similarly, minimum rates fixed for Uganda at the outset of the 1950s had not been changed by 1955, at which time actual rates were about twice the level of the minimum and only about 500 workers out of 60,000 covered by the relevant regulations were in receipt of the legal minimum. These two examples serve to show that minimum wage regulation is by no means the only factor making for a rise in unskilled wage rates, and that if the legal minimum is not raised for a period, actual rates may rise appreciably for other reasons.

<sup>3</sup> Whilst important qualifications must be made with regard to the significance of the wage distribution presented in table IX for Indonesia (see notes to the table), it lends some support to the belief that a skew wage distribution will be a feature of a developing country, without the operation of a minimum wage scheme, since there was no minimum wage regulation in Indonesia.

To the extent that some employers are able to avoid their legal obligations and pay wages below the stipulated minima, the difference between the reported minimum and average wages will, of course, understate the true difference.

<sup>4</sup> The shape of the wage distribution has implications for minimum wage regulation which extend well beyond the present context; for example it is a primary determinant of the extent to which a rise in minimum rates causes the average wage to rise.



## Minimum Wages and Income Distribution

TABLE IX. WAGE DISTRIBUTIONS IN THREE DEVELOPING COUNTRIES

Pakistan <sup>1</sup>		Ghana <sup>2</sup>		Indonesia <sup>3</sup>	
Wage group <sup>4</sup> (rupees per month)	Percentage of workers	Wage group <sup>4</sup> (£G per month)	Percentage of workers	Wage group <sup>4</sup> (rupiahs per month)	Percentage of workers
50 and below . .	5	Less than 8.4 .	4	Less than 225 .	44
51 to 60 . . .	28	8.4 to 10.4 . .	48	225-299 . . .	19
61 to 70 . . .	18	10.5 to 14.3 . .	18	300-374 . . .	13
71 to 80 . . .	10	14.4 to 35.0 . .	27	375-449 . . .	8
81 to 100 . . .	25	Over 35 . . .	3	450 and over .	16
101 and over . .	14				

Sources: I.L.O., Expanded Programme of Technical Assistance: (1) *Second report to the Government of Pakistan on the regulation of minimum wages* (Geneva, 1962) (mimeographed document ILO/TAP/Pakistan/R.26), p. 26; (2) *Report to the Government of Ghana on questions of wage policy* (Geneva, 1962) (mimeographed document ILO/TAP/Ghana/R.6), p. 40; (3) *Report to the Government of Indonesia on wage policy and industrial relations* (Geneva, 1958) (mimeographed document ILO/TAP/Indonesia/R.7), p. 128.

<sup>1</sup> In effect this distribution related to a sample of workers placed in employment by the employment exchanges in 1960. In some factories at that time a large proportion of the workers, sometimes as high as 60 per cent., were paid at or only slightly above the rates paid to unskilled workers. (I.L.O. Expanded Programme of Technical Assistance: *Report to the Government of Pakistan on the regulation of minimum wages* (Geneva, 1961) (mimeographed document ILO/TAP/Pakistan/R.23), p. 8). <sup>2</sup> The figures relate to December 1960. <sup>3</sup> Since in this case the largest proportion of workers is in the open-ended lowest class, it cannot strictly be assumed that the distribution is skew. The figures relate to February 1956. Moreover, the data were obtained from a survey only of small-scale and certain other industries, in the main, lower-paid industries (pp. 17 and 124 of the source), so that the results may be biased on that account. <sup>4</sup> Note that the class intervals are unequal.

average monthly wage in 1956 was about £15, indicating on the basis of table IX that virtually no workers received less than half of this figure (more than a third of them between a half and two-thirds). In the textile industry in São Paulo (Brazil), whilst the minimum wage in September 1961 was 9,440 cruzeiros a month, the average was no higher than about 10,000.<sup>1</sup>

In any case, there are certain *a priori* grounds for believing that those receiving minimum wage rates will not be the poorest of the poor. A feature of the development process is the continuing transfer of labour from the traditional subsistence sector to the modern industrialised sector. Whilst to some extent such factors as natural forces that adversely affect agriculture may prompt such mobility, the achievement of this transfer over long periods and on a permanent basis will require an inducement in the form of a standard of living above that obtaining in agricultural, rural conditions. The wages paid to unskilled labour are likely to reflect this, with or without the operation of a statutory minimum. In fact attention is drawn above to the possibility that minimum wage regulation

<sup>1</sup> United Nations, Economic Commission for Latin America: *The textile industry in Latin America: II. Brazil* (New York, 1963) (document E/CN.12/623), p. 84.

may be responsible for the existence of skew wage distributions in developing countries, and, by the same token, it may be responsible to some extent for the existence of minimum wage rates which afford living standards that are above the average. If minimum wage regulation has already been effective in this sense, then its use to raise these standards further may be questioned. The case from this point of view for raising minimum wages seems strongest in countries where the proportion of wage earners in the labour force is rising only very slowly, or shrinking, and where the reasons for this are to be found on the side of the supply of labour and not on the side of the demand for it.

### Conclusions

Poverty is not unknown in developed countries; the proportion of wage and salary earners in the labour force is large; and it may be that, compared with developing countries, wage and salary earners are relatively worse off. These are conditions which tend to enhance the role that minimum wage regulation may play in raising minimum living standards. However, other means of treating poverty—fiscal policy and, more especially, social security measures—are also important in these countries.

Poverty in developing countries is more widespread and more acute. Furthermore, it must not be overlooked that, in the conditions which are found in these countries, the alternative approaches to the treatment of poverty may not be as efficacious as in developed countries. For example, while the distributions of household income as measured by concentration ratios differ little in developing countries according to whether personal or disposable income is taken as the base, this is not true for developed countries, where direct taxes do much to reduce inequalities in the distribution of income.<sup>1</sup>

Nevertheless, it is probably the case that in developing countries the role of minimum wage regulation, in this context, is more circumscribed than it is in developed economies. Certainly the fact that wage and salary earners are frequently but a small proportion of the total labour force prevents minimum wage regulation from effecting any major redistribution of income. More particularly, there is some evidence that both the worker receiving an average wage and the unskilled labourer in many

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<sup>1</sup> Thus, OJHA and BHATT (op. cit., p. 717) write: "Of course, the disparity between the concentration ratio of the distribution of personal income and that with regard to disposable income is much wider in the developed countries than in the underdeveloped countries like India; this indicates the greater effectiveness and scope of the system of direct taxes in reducing the degree of inequality in income distribution in the developed countries."

In these circumstances, a comparative analysis of the relative advantages and disadvantages of the three types of measure—fiscal policy, social security provisions and minimum wage regulation—in treating poverty in developing countries would help to assess more accurately the potential contribution of any one.

cases enjoy living standards which are above the lowest. This means, at the very least, that there should be no presumption that minimum wage regulation can, in general, be the main instrument in raising minimum living standards in developing countries, though the case of each country needs to be examined on its merits. Moreover, even in those instances where it is thought that it might have an important role to play, it must be appreciated that raising the minimum wage may only succeed in improving the living standards of the workers who benefit, at the expense of accentuating the degree of general inequality in the distribution of income. This would happen when, as may frequently be the case, the *average* wage is higher than the average income of independent workers, and where a rise in minimum wage rates tends to lead to rises in other rates and thereby in the average; the latter seems to be a fairly common consequence.

If despite these many qualifications it is decided, in a given country, that raising minimum living standards should be the primary function of minimum wage regulation, which system, national-uniform or sectoral, is the most appropriate? Earlier in this article it was pointed out that both have in fact been used in this role, the former seeking to affect minimum living standards by raising the wage of the lowest-paid occupation—unskilled labourers, the latter by raising wages in the low-wage, “sweated” industries. In fact a national-uniform system seems to be much better suited to this role than a sectoral one. First, it is not inconceivable that, whilst in a given industry the general level of wages is above average and therefore does not qualify for coverage by a wage council and a minimum wage, the rate paid for unskilled labour may be unduly low. Secondly, and of greater importance, the machinery which characterises a sectoral system is ill-equipped for ensuring the establishment of a *uniform* (real) wage for unskilled workers. In particular, the tendency for the machinery to be decentralised and the fact that, informally if not formally, major attention is given to each industry’s “capacity to pay”, when determining minimum wages, mean that the rate for unskilled workers varies between sectors and industries. In contrast, a national-uniform system is usually well equipped to determine a uniform minimum wage on the basis of such criteria as nutritional calculations, budget inquiries or the *national* “capacity to pay”, to implement it in such a way that allowance is made for regional variations in living costs and consumption patterns, and to adjust it over time to take account of changes in the cost of living and in what the economy can afford in the way of a minimum standard of living.

Finally, and to return to the theme in the introduction to this article, the foregoing does not imply that minimum wage regulation can play no role in raising minimum living standards. It does mean, however, that if minimum wage regulation is to be important in this respect its benefits will result mainly from the impact which it has on the general level and



structure of wages in an economy, i.e. mainly in circumstances in which minimum wage regulation can be used as an instrument of national policy, promoting, by means of its influence on the quantity and quality of the labour force, on the level of investment and prices, and on the structure of the economy, a more rapid growth of real income, which may then be channelled by appropriate distributory means to the most needy sections of society. Effects on the growth as well as the distribution of a country's national income need to be borne in mind when assessing the effects of fixing minimum wages on minimum living standards.

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# Participation by Occupational Organisations in Economic and Social Planning in Chile

Manuel BARRERA <sup>1</sup>

IT IS ESSENTIAL that employers' associations and trade unions play a part in the planning of economic and social development if such planning is to be effective and if democratic values are to be upheld.<sup>2</sup> The Latin American countries, which are living through a period fraught with tensions, are experimenting with various systems designed to meet these two requirements. In Chile political history and social circumstances have led to three attempts to produce a planning system, and in each instance co-operation by the occupational organisations has proceeded on different lines, as we shall see below.

## A brief description of the planning system

### The Production Development Corporation (CORFO)

At an early stage, as far as Latin America is concerned, the Government of Chile became aware of the decisive part it was called upon to play in promoting economic development. As far back as 1939, as a result of the world crisis, it set up a body—the Production Development Corporation (CORFO)—to provide the country with basic industries.

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<sup>2</sup> The *International Labour Review* has published several articles on the part played by employers and workers in social and economic planning, beginning with some preliminary comments and a study of the position in France, by J.-J. BONNAUD (Vol. 93, No. 4, Apr. 1966), followed by articles on Ireland, by C. MCCARTHY (Vol. 94, No. 1, July 1966), the Netherlands, by P. S. PELS (Vol. 94, No. 3, Sep. 1966), the countries of the Maghreb, by A. SALAH-BEY (Vol. 94, No. 4, Oct. 1966), Byelorussia, by A. P. OBOUKHOVITCH (Vol. 94, No. 5, Nov. 1966), Japan, by K. TAIRA (Vol. 94, No. 6, Dec. 1966), and Latin America, by G. VON POTOBsky (Vol. 95, No. 6, June 1967).

Traditionally the Chilean economy had been dependent for its growth on the international market. With the Great Depression, the outside stimulus fell away, to be replaced by internal forces; development began to depend on the domestic market. The public sector was the mainspring of this new development; its share in national investment increased from 32 per cent. in 1940 to 41.7 per cent. in 1951.<sup>1</sup> CORFO played a very important part in these investments.

The legislative authorities placed great hopes in the Corporation as a planning body; at least, so it seems from the Act creating the Corporation, in which the terms of reference of its Council are set forth as follows:

To produce a general production development plan designed to raise the national standard of living by taking advantage of the country's natural assets and by reducing production costs; to improve the position with regard to the international balance of payments, and, in drawing up the plan, to maintain a proper balance between mining, agriculture, industry and commerce; and to ensure that the needs of the various regions of the country are met.<sup>2</sup>

This general plan in fact saw the light of day only 20 years later; during the ten years 1940-50 neither institutions nor manpower were available on a scale commensurate with so ambitious an undertaking. In the first few years CORFO launched projects and encouraged various initiatives in different branches of the economy (other than the traditional field of public works), which accelerated the recovery of the national economy. The first and most important scheme was the electrification plan. The establishment of an iron and steel industry and the tapping of oil resources were also major landmarks in the activities undertaken to lay a solid foundation for later development.

The Corporation carried out a number of basic economic investigations, which were essential if planning was to proceed. These related to such matters as the national income, the gross national product, national consumption, and investment. It also made an inventory of agricultural, marine, water, and mineral resources, including coal and oil.

The creation, in 1951, of the Planning and Studies Department, which was given the task of drawing up production development plans, marked a decisive step towards the introduction of planning techniques. This initiative bore its first fruits in the shape of the Agriculture and Transport Development Plan, which was completed towards the end of 1954 and enthusiastically approved by the two most representative employers' organisations, the National Agricultural Association and the Manufacturing Development Association. The reason why these organisations reacted so favourably, and continue to do so, despite the fact that the Corporation is a state concern wielding considerable economic

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<sup>1</sup> United Nations, Economic Commission for Latin America: *Antecedentes sobre el desarrollo de la economía chilena* (Santiago, Editorial del Pacífico, S.A., 1954), p. 72.

<sup>2</sup> Section 25 (a) of Act No. 6640 of January 1941.



power, is that the Corporation has always favoured private initiative by the award of credits. It has been associated with private endeavours and has transferred to private hands concerns no longer requiring its support.

In 1960 CORFO had completed its major task, begun in 1955, namely the preparation of a National Economic Development Programme for the period 1961-70.<sup>1</sup> This, as we shall shortly see, has not been put into effect by the present Government, which considers it obsolete.

The Programme having been approved in January 1961, the Government then set up a Committee for Economic Programming and Reconstruction (COPERE) to give advice on the co-ordination of state economic policy and to ensure the implementation of the Programme.<sup>2</sup>

In April 1962 the International Bank for Reconstruction and Development, at the request of the Government, undertook an assessment of the ten-year Programme. The same was done by the Committee of Nine of the Alliance for Progress. In their reports both bodies came out in favour of the Programme while emphasising that its investment targets were ambitious and would require very considerable sacrifices, especially on the part of the higher-income groups. Both suggested that the special plans for education, health, and agrarian reform should be embodied in the Programme, and that there should be some administrative reorganisation in order to attain its objectives.<sup>3</sup>

The Programme's most ambitious objective was to raise the gross domestic product by 5.5 per cent. a year, or by 3 per cent. per head, since the population is increasing at the rate of 2.5 per cent. a year. Inspired by the recommendations made in the Charter of Punta del Este, the Programme provided for a socially beneficial apportionment of the fruits of economic development and made provision for investments designed to overcome traditional imbalances in the Chilean economy, especially in the fields of agriculture, mining, industry, fuel and power, construction, town planning, communications and transport.

### **The Committee for Economic Programming and Reconstruction**

Following the earthquake of May 1960, the Government increased the duties of the Ministry of National Economy, which then became the Ministry of National Economy, Development and Reconstruction. Its new duties were—

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<sup>1</sup> CORFO: *Programa Nacional de Desarrollo Económico, 1961-70* (Santiago).

<sup>2</sup> Act No. 14171 of October 1960.

<sup>3</sup> See International Bank for Reconstruction and Development: *A review of Chile's ten-year National Development Program* (1962); Alliance for Progress, Committee of Nine: *Informe sobre la ejecución del Programa Nacional de Desarrollo Económico y Social de Chile* (Dec. 1963).

- (a) to draw up reconstruction plans for areas devastated by the earthquake;
- (b) to draw up plans for the promotion and development of the nation's economic activities;
- (c) to promote and co-ordinate the investment of tax revenue.

This was an added reason for setting up COPERÉ. Presided over by the Minister of National Economy, Development and Reconstruction, it had as its members the five other State Secretaries dealing with economic affairs, and the highest officials of the state financial and economic institutions.

This body was to co-ordinate state economic policy, supervise the implementation of the ten-year development plan and advise the President of the Republic in all matters to do with finance and economics.<sup>1</sup>

What was the relationship between COPERÉ and CORFO?

The purpose of COPERÉ was to ensure observance of the necessary discipline by the various public bodies concerned and to co-ordinate policies in the fields of money, credit and finance, foreign exchange, taxation, prices and incomes, and investment, in order to attain the objectives of the plan. CORFO became the technical secretariat of COPERÉ, while retaining the Planning Department, which was responsible for drawing up and reviewing national plans. Both bodies continued to have planning responsibilities.

### **The provincial development committees**

In 1961 provincial development committees were set up to advise the Government. At the provincial level these carried on the administrative and co-ordinating activities of COPERÉ.

A CORFO representative was responsible for the executive secretariat of the committees and for the provision of technical advice to the provincial authorities.

These committees acted as a necessary two-way channel of communication: they were a means of acquainting public authorities and private interests in the provinces with the Government's economic programmes, and they gathered information on local needs, worries, and aspirations. It was said that their purpose was to "regionalise" the National Development Plan; however, because of certain structural defects in these bodies, the word is too strong to describe what they actually achieved during their three years of existence.<sup>2</sup>

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<sup>1</sup> See Act No. 14171 of October 1960.

<sup>2</sup> Various points of view about these committees are expressed in the section "Analizando los problemas", in *Panorama Económico* (Santiago), Dec. 1961.

## **Practical results of CORFO and COPERE**

Political circles were not alone in suspecting that the task of full-scale planning had not been tackled with any real enthusiasm in Chile. In academic circles it was felt that CORFO and COPERE had done no more than introduce some order into the Government's investment programme, with quantified objectives in mind. It is considered that planning has frequently been superficial; that lip-service has been paid to ill-defined ideas; and that the full implications of planning, in terms of economic and political decisions, have not been accepted.<sup>1</sup> Moreover, some CORFO specialists who had a hand in producing the ten-year plan (1961-70) today feel that the Government of that time merely gave formal approval of the plan for the sake of obtaining credits from abroad. It is true that although CORFO has continued working after publication and official approval of the plan, with a view to completing the parts concerning industry, health, education and commerce, the Government has displayed a certain lack of interest, and except for the transport and cattle-raising programmes none of the plans have gone beyond the initial stages.

Help received from abroad for the purpose of economic and social development may sometimes lead to the preparation of a development plan which has no specific objective and is unrelated to social realities. Such a plan may exist for political and administrative purposes which have nothing at all to do with the planning of social change and economic development. It is significant that the Charter of Punta del Este—whereby the Latin American Governments committed themselves to a series of actions designed to accelerate economic growth, in accordance with definite plans—entailed the creation of various central planning bodies.<sup>2</sup>

## **The National Planning Office (ODEPLAN)**

In November 1964 a government with Christian Democrat leanings came to power and proposed the setting up of a National Planning Office (ODEPLAN). The operations of this body were to be decentralised, and it was to be an independent legal entity with its own assets, subject to the immediate supervision of the President of the Republic. It was to draw up the national development plan and the various public sector plans, propose target-figures for public investment with an eye to the draft national budget, draw up the national accounts and ensure that international technical assistance is used in accordance with the priorities

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<sup>1</sup> See, for example, Héctor ASSAEL: "Planificación del sector público", in *Economía* (review of the Faculty of Economic Sciences of the University of Chile), first third of 1966; Edgardo BOENINGER and Pablo NUDELMAN: "Organización para la planificación en Chile", *ibid.*, second third of 1966.

<sup>2</sup> See United Nations, Economic Commission for Latin America: *Progress in planning in Latin America* (Doc. E/CN.12/677, Apr. 1963).



set forth in the plan. The Bill proposing the creation of this body was approved by the Chamber of Deputies towards the end of 1966 and is now before the Senate. However, the Office has in fact been functioning since early 1965. It is not responsible to any ministry and constitutes a technical body which tenders advice to the President. It has five departments: Over-all Programming, Regional Planning, Social Accounting, Technical Assistance, and Legal. Sections for liaison with ODEPLAN have been created in the Ministries of National Economy, Public Works, Mines, Agriculture, and Education. We shall shortly describe the part played by private interests. In addition, a start has been made in setting up regional planning organs (ORPLAN) to ensure that plans for particular branches of the economy, with proper estimates of expenditure, are evolved for the various parts of the country; these will be referred to later.

### **CORFO and ODEPLAN**

With the creation of ODEPLAN, CORFO has lost its planning responsibilities. Many of its technical specialists were transferred to the new body; in general, however, the highly qualified planning staff who at one time or another belonged to the CORFO Planning Department have dispersed to other institutions or left the country.

The Government has justified its action by explaining that CORFO specialised in concrete tasks such as the development of industry, power supplies, telecommunications, research into natural resources, etc., while major fields such as education, health, public works, transport, housing, and so on, have remained outside its terms of reference. Furthermore, since it was answerable to the Ministry of National Economy, Development and Reconstruction, it did not have the administrative standing required to undertake, with any degree of authority, the task of over-all planning.

ODEPLAN is encountering the difficulties which beset any new organ in its early stages. It will need some time to train its own executive staff and make a name for itself.

### **The National Economic Development Programme (1961-70) and ODEPLAN**

The present Government having departed somewhat from the objectives laid down in the ten-year plan due to end in 1970, the latter has needed some adjustments. For example, greater importance is now attached to land reform, foreign trade, and the development and extension of reform in education. In addition, ODEPLAN has been asked to draw up short-term plans.

In its initial stages ODEPLAN has been exclusively concerned with introducing some order into the planning of the public sector. It has to

be admitted that the public sector was not organised with policy co-ordination in mind.

### **The regional planning offices**

ODEPLAN felt that it would be advisable to undertake a careful study of regional decentralisation. Its aim is to group the provinces of Chile into ten regions in the light of social, economic, technical, geographical and administrative criteria. To these regions will be added the metropolitan area of Santiago. A start has been made in setting up regional planning offices (ORPLAN). The main purpose of these will be to "co-ordinate efforts to ensure a balanced economic and social development of all regions of the country" and to "create the conditions required for more effective decentralisation" (draft law setting up the National Planning Office). Although this draft is still being considered by the National Congress, the machinery provided is already operating in one of the regions envisaged, namely the Bío-Bío Valley, which covers the provinces of Ñuble, Concepción, Arauco, Bío-Bío, and Malleco.

No final decisions have yet been taken as regards the structure, duties and organisation of these regional offices. The aim is to avoid the shortcomings which characterised the former provincial development committees and to give the new bodies a good deal of freedom in relation to the central office.

It may be worth stressing that efforts to set up planning machinery which would be technically efficient, socially acceptable, and organically integrated into the social system have gone on for almost 30 years. Despite the progress made, this aim has still not been achieved.

### **The role of non-governmental groups in planning**

#### **Participation in the CORFO Council**

CORFO was created at a time when the Government was an enthusiastic advocate of industrialisation as the linchpin of any policy for economic and social progress. Industrialisation and hence modernisation called for understanding and co-operation between employers and workers. The latter were at that time represented by the Chilean Workers' Federation (C.T.CH.), the largest of the organisations representing organised labour on a nation-wide scale, and an enthusiastic supporter of government policy. The Act setting up CORFO accordingly provided that a C.T.CH. representative, appointed by the President of the Republic in person, should have a seat on the CORFO Council. Incidentally, C.T.CH. was also represented in the Housing Fund, the Council for Minimum Living Standards and Prices, and the National Civil Defence Board.

Representing the employers, the chairmen of the National Agricultural Association, the National Mining Association, the Manufacturing Development Association, the Chilean Engineers' Institute, and the Chilean Chamber of Commerce all had seats on the CORFO Council. In addition to these five members from the private sector, there were 15 members from the public sector.

It is clear that the employers' associations were far better represented than the trade unions.

Trade union participation has followed the ups and downs of Chilean political life. In 1947 the main workers' organisations were violently opposed to the Government. Hence between 1947 and 1960 the President of the Republic made no appointment. In 1960 the membership of the Council was modified as described below.

Fourteen public employees of managerial rank are ex-officio members of the Council. The Chairman is the Minister of National Economy, Development and Reconstruction. Furthermore, the President of the Republic remains free to appoint another five members.

One member to represent each of the following institutions is appointed directly: National Agricultural Association, National Mining Association, Manufacturing Development Association, Chilean Central Chamber of Commerce, Consortium of Southern Agricultural Associations, and Chilean Institute of Engineers—in all, six members.

One representative from each of the following agricultural associations concerned in agricultural exports is appointed from lists of three names submitted to the President of the Republic: Northern Agricultural Association, Federation of Dairy Co-operatives and Cattle-Raising Associations and Agricultural Association—in all, three members.

In the Council as it now exists the trade unions are not represented at all.<sup>1</sup>

#### THE PART PLAYED BY REPRESENTATIVES OF EMPLOYERS' ASSOCIATIONS

To assess the part played by these representatives, we must bear in mind the policy of CORFO in relation to private employers. Its aim has been to assist private enterprise in various ways, ranging from the endorsement of credits to the creation of joint undertakings managed by CORFO and private enterprise. Hence it is by no means surprising that in the great majority of instances the Council has reached unanimous agreement. Should a proposal made in the Council be considered by any representative as prejudicial to the interests he represents, the matter is debated until some mutually satisfactory result is achieved.

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<sup>1</sup> The provisions governing the procedure for the appointment of CORFO Council members appear in Decree No. 211 of the Ministry of National Economy (August 1960).



As far as general economic planning is concerned, the employers' representatives have made few proposals and displayed little anxiety. On the rare occasions when one of them makes a statement, he tends to advocate certain general principles, such as that the Government must abstain from excessive intervention in economic affairs, and how harmful it would be if the private sector were denied an adequate say in such matters. However, outside Council meetings co-operation between private enterprise and CORFO's economic activities has proved exceedingly fruitful, since the creation and management of big and medium-sized concerns demand a contribution from persons who have real experience of such things; the technical specialist and the civil servant, no matter how fertile their imaginations may be, cannot make up for the lack of this.

Another point is that the planning specialists have on many occasions not had the statistical information they needed, either because such information just did not exist or because what did exist was unreliable. This being so, it is essential that private employers should be induced to supply accurate data to an institution which is, after all, favourable to them.

The successful implementation of development plans calls for practical experience and the qualities of initiative and decision. It is private enterprise which can supply these. High-ranking CORFO specialists consider participation by employers' associations as not merely useful but in fact essential, always providing, of course, that such associations do not carry excessive weight when major decisions are to be taken.

#### THE PART PLAYED BY TRADE UNION REPRESENTATIVES

The trade unions were represented for a relatively brief period and only to a very limited extent. Indeed, they were no longer represented at all when the ten-year plan was being prepared and approved. Some specialists in the Corporation feel that trade union action was of little relevance and substance. The questions discussed in the Council went beyond strictly trade union matters, and the trade union representatives showed no interest in them.

When important projects came up for discussion, the trade union representative would usually refrain from giving his views, confining himself to a request for explanations as to the possible effects which each project might have on both manual and non-manual workers. Sometimes he would make a plea that the working class should be allowed to share in the benefits to be derived from a particular project; this was the case when the question of scholarships for the advanced technical training of workers was under discussion. This shows how important it is that

trade union representatives should have an adequate cultural and technical background.

A proposal to increase the number of workers' representatives was opposed by the employers on the grounds that such representatives made no contributions to the discussions, contenting themselves with occasional requests for explanations; hence there was no point, so the employers maintained, in offering the workers additional seats; one workers' representative was sufficient.

### **Participation in the provincial development committees**

Each committee was presided over by the provincial governor. Membership varied between 19 and 26, according to the area. Each of the following branches of activity was represented by a delegate: industry, agriculture, mining, commerce, construction, private banking, and one of the universities established in the province. There was one representative for non-manual workers and one for manual workers—making a total of nine delegates representing non-governmental interests. The public sector was represented by a maximum of 19 members.

In some provinces branches of activity of vital importance for regional development were left unrepresented—for example in the province of Valparaíso the National Shipowners' Association, the Chamber of Shipping, the Port Authority, and Customs.

In provinces where the governor was energetic and a good organiser and enjoyed the assistance of a capable executive secretary, the committees were useful in co-ordinating various public services and providing an organ through which the people could express their needs and aspirations. In the early days the committees commanded enthusiastic support and there was real eagerness to have a hand in their activities. This, unhappily, was not true in all the provinces, and even in those where it was, there was a marked falling-off in enthusiasm with the passage of time. What generally happened was that no attention was paid to the needs and aspirations expressed (except when the only action required was some minor local co-ordination); petitions handed in to ministerial departments or to decentralised state institutions with headquarters in the capital gave rise to no action and in some instances even went unanswered.

Furthermore, members of the committees, especially the private members, were under no obligation to attend the meetings, nor was there any provision for replacing them if they were inefficient. Hence they were often somewhat remiss in the performance of their duties. Nor did they report back regularly to those they represented.

Some technical specialists with executive responsibilities were of the opinion that provision ought to have been made for more direct consultation of the circles concerned in particular projects than could

be achieved by the system of delegates, since most of them neither informed their organisations of what was happening in the committees nor acted as effective spokesmen for those they were representing. Another adverse factor was that some delegates were technically unqualified for their jobs and sometimes lacking in general education. These criticisms applied very largely, though by no means exclusively, to the workers' representatives.

In their defence, the present leaders of the trade union movement point out that the workers sitting in the committees at the provincial level were little more than formal members; nobody was interested in what they had to say, and they were few in number. Since in such circumstances it was impossible to do anything worthwhile, many delegates simply dropped out. Or they were merely passive members and the ideas they expressed were personal ones which did not in any way bind the trade unions as such.

Thus the workers' representatives were open to the following criticisms: (a) they had human shortcomings (lack of a sense of responsibility); (b) they lacked adequate technical qualifications; and (c) they spoke only for themselves and not for the organisations they represented. In addition to which, some of these organisations were not, and at the present time are still not, sufficiently representative of the sector they claim to stand for.

### **Participation in the National Education Council**

For some years now there have been in Chile a number of public bodies—decentralised organs under ministerial control—in which employers and trade unions are represented. Although they do not form part of the planning machinery properly so called, they are of particular importance in planning and policy implementation within the particular spheres for which they are responsible. The National Education Council of the Public Education Supervisory Authority is an example.

Experience seems to confirm that participation in planning bodies is especially important if it can be used to bring about structural reforms.<sup>1</sup>

The present Government has vigorously promoted far-reaching reforms designed to improve and extend the educational system. In these reforms the various sectors of productive activity play their part alongside (and this is very exceptional) parties of widely divergent political convictions.

The interest taken in these reforms by employers and trade unions is largely to be explained by the fact that much weight is attached to the links which sociologists and economists have found between education

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<sup>1</sup> See I.L.O.: *Curso para sindicalistas latinoamericanos sobre planificación y desarrollo económico y social*, Santiago de Chile, 4 de abril-15 de mayo de 1966 (Doc. LAC/SEP/D.6, Geneva, 1965), p. 3.



and economic development. These experts tell us, in fact, that the wealth of a country depends in the last resort on the productive skills and the educational level of the people. Hence education and the training of human resources are of economic value. They are no longer, as was once believed, merely consumption, but a kind of investment giving unexpectedly high yields.<sup>1</sup>

We can divide into four main groups the targets for the six-year period 1965-70: a quantitative expansion of the educational service, diversification of the school system, a qualitative improvement in the instruction given, and administrative reforms.<sup>2</sup>

The National Education Council makes proposals on national educational policy to the Minister. It suggests means of linking the teaching services with other state services and national activities; plans and study programmes; and the way in which the teaching services should be decentralised and the education budget analysed.<sup>3</sup>

In the Council are represented the highest authorities of the Ministry, the Supervisory Authority, rectors of universities and directors of teacher-training institutions. Furthermore, in accordance with proposals made by the organisations concerned, the President of the Republic appoints four persons to represent the teachers' professional associations, one to represent private schools, two to represent the parents' associations, three for private enterprise, one for CORFO, and one for the trade unions, making 27 persons in all.

The idea of having a representative of the trade unions in the Council, praiseworthy though it is, has never been carried into effect because the rules and regulations governing the appointment of such representatives are excessively complicated.<sup>4</sup>

The committee responsible for planning educational reform began its work in 1963 and the reforms themselves were launched in 1965. In view of the fact that councillors get no monetary reward for work done in this connection and that some of them live in the provinces, it is easy to understand why little more than half have regularly attended the meetings. Nevertheless, they have carried out their duties responsibly.

Participation in the Council has been effective largely because it has involved a good deal of preparatory discussion in various forms: preliminary meetings with headmasters and headmistresses, seminars for

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<sup>1</sup> The Minister of Public Education, in a statement to the nation in December 1965, when the President of the Republic signed a decree making structural changes in the national education system, expressed support for these ideas (on which an extensive literature already exists). See Ministerio de Educación Pública: *Discurso del Ministro de Educación Pública*, Sr. Juan Gómez Millas (Santiago, Jan. 1966).

<sup>2</sup> An analysis of the origin of these proposals, a study of how they were put into effect and of the machinery used in the course of a year of educational reform, can be found in Ministerio de Educación Pública: *Sinopsis del programa de educación* (Santiago, 1966) (mimeographed).

<sup>3</sup> See Legislative Decree No. 104 of June 1954.

<sup>4</sup> See Decree No. 10835 of the Ministry of Public Education (December 1953).

teachers on the aims of the reforms, advisory committees, and so on. The Council has set up a working party to make a critical study of first drafts, offer suggestions for their improvement, and assess the various possible alternatives before they are submitted to the Council. This working party is made up of representatives of the various teachers' associations, headmasters' associations, organisations of parents and guardians, universities, and technical bodies. Generally speaking, the consultation machinery has worked well.

Thanks to this participation, there has been a striking consensus of opinion in the country about educational reform. Discordant voices have been notably lacking. This consensus is reflected in the Council, within which agreement is usually reached without recourse to a vote, despite the variety of political views held by its members.

The representatives of employers' organisations have displayed special interest in matters connected with regular vocational training and have taken a most active part in discussion of the national apprenticeship system, in which industry and technical schools alike participate. They also take an interest in the whole subject of investment for educational purposes, the education budget, and the reasons given for particular items of expenditure.

Teachers' professional associations have played an important part in shaping the Council's main decisions, and this for several reasons. Teachers in Chile are highly organised and traditionally very keen on improving the system of education, so that delegates have a first-hand knowledge of the matters under discussion. These associations are fairly strongly represented; the frequency of attendance and the degree of dedication displayed are largely satisfactory. This is due to the fact that although the normal working week for teachers is 36 hours, persons representing the teachers' associations in the Council only have to work for six.

### **Future prospects**

We have seen that employers' associations and trade unions do not form an integral part of existing planning machinery, which takes the form of a central office and some offices (few in number and embryonic) for various regions and branches of the economy. We must therefore look in a different direction. With social conditions in Chile as they are today, how far is participation in planning likely to develop?

In what follows, we shall endeavour to bring out the main social realities which must be taken into account before we can answer this question.

### **Integration of the national community**

Social integration is a dynamic process whereby everyone has a share of the material goods and cultural resources and takes part in the prac-

tical decisions of society—all of which makes for a community of shared values. In countries where a rigid stratification prevents large sections of the population from enjoying their fair share of material goods and from sharing in the community's cultural life and decisions, we get the phenomenon of "marginality", at the opposite pole to participation.<sup>1</sup> We can, however, distinguish between participation in the material goods and cultural life of the community and that fuller kind of participation involving the ability to share in making the decisions which shape the life of society. This latter is the kind of participation in which we are interested here. Only when this exists can we talk of full integration.

#### ACCESS TO MATERIAL GOODS AND CULTURAL LIFE

In a work on the socio-economic typology of the Latin American countries, published by the Pan-American Union, a system of indices is used to assess the volume of goods and services available per head in these countries. The latter are classified into four groups (high, fairly high, fairly low, and low). Chile appears in the second of these groups.

The figures which entitle Chile to be so assessed are as follows: 299 United States dollars (1950 value) of gross income per head in 1952; 29.6 per cent. of the labour force engaged in agriculture in 1952; 0.98 tons of coal consumed per head in 1954; 130 kilograms of cement used per head in 1952; 4.2 kilograms of newsprint per head, on the average, during the period 1946-50; and 56 doctors for every 100,000 people. These figures show that Chile is at a median level of development in comparison with others in the western world.<sup>2</sup>

TABLE I. DISTRIBUTION OF NATIONAL INCOME, 1940 TO 1965<sup>1</sup>  
(Percentages)

Year	Wage earners	Other than wage earners	Total
1940 . . . . .	39.5	60.5	100
1945 . . . . .	41.0	59.0	100
1950 . . . . .	42.3	57.7	100
1955 . . . . .	41.9	58.1	100
1960 . . . . .	47.1	52.9	100
1965 . . . . .	47.6	52.4	100

Source: ODEPLAN.

<sup>1</sup> For an analysis of the ideas involved and the relationship between integration and "marginality", see A. MATTELART and Manuel GARRETÓN: *Integración nacional y marginalidad* (Santiago, Editorial del Pacífico, S.A., 1956), Ch. I.

<sup>2</sup> See Roberto MALDONADO and Claudio ARAYA: "La variable económica", in *Tipología socioeconómica de los países latinoamericanos* (Washington, D.C., Pan-American Union, 1963), pp. 35-83.



As regards the distribution of income among the various social categories, the figures given in table I, for the country as a whole, and table II, for Greater Santiago, are the most detailed at present available.

TABLE II. MONTHLY INCOMES OF EMPLOYERS' AND SALARIED EMPLOYEES' FAMILIES AND OF WAGE EARNERS' FAMILIES IN GREATER SANTIAGO, AUGUST-SEPTEMBER 1965

Monthly family income (in escudos)	Percentage of employers' and non-manual workers' families	Percentage of manual workers' families
Up to 100 . . . . .	0.4	6.3
100.01- 150.00 . . .	1.2	12.6
150.01- 200.00 . . .	3.5	12.6
200.01- 250.00 . . .	5.5	8.0
250.01- 300.00 . . .	5.5	10.9
300.01- 400.00 . . .	12.9	17.7
400.01- 500.00 . . .	12.1	11.4
500.01- 750.00 . . .	23.4	14.3
750.01-1 000.00 . . .	10.2	4.6
1 000.01-1 500.00 . . .	14.5	1.7
1 500.01 and above . .	10.9	—
Total . . .	100.0 (N=256)	100.0 (N=175)

Source: Adapted from the Instituto de Economía: *Ingresos y gastos de familias del Gran Santiago* (Santiago, 1966), pp. 32-33.

From this we may infer that over the past few years there has been a tendency (albeit irregular) for wage earners to receive a greater share of the national income, although there are still notable differences in income between employers and white-collar workers on the one hand and manual workers on the other. In the first group, 59 per cent. of families enjoy an income of more than 500 escudos, while in the second the proportion is only 20.6 per cent. At the other end of the scale, we find that 31.5 per cent. of manual workers' families have an income of 200 escudos or less. Among employers and white-collar workers, the proportion is only 5.1 per cent.

If we scrutinise the salary and wage indices, we shall note that there has been an increase in the real income of wage earners. This, taken in conjunction with the redistributive action of the State, especially through expenditure on education, agriculture, health and housing, explains why wage earners are taking a steadily greater share of the material goods and cultural resources of the nation. The indices are given in table III.

There is no necessity to describe the position with regard to education in Chile, since this matter is already dealt with in numerous reports by U.N.E.S.C.O. and other agencies. In this particular respect Chile

TABLE III. INDICES OF WAGES AND SALARIES, 1964 TO 1966  
(April 1959 = 100)

Year and month	Index of wages and salaries	Index of consumer prices	Index of real wages and salaries
1964 (Apr.) . . . .	274.4	292.5	93.8
1965 (Apr.) . . . .	422.6	386.8	109.3
1966 (Apr.) . . . .	574.5	465.8	123.3
1966 (July) . . . .	660.0	490.0	134.7

Source: Dirección de Estadísticas y Censos.

occupies a privileged position in relation to the other Latin American countries, although in absolute terms there are numerous shortcomings. However, there has since 1954 been an unprecedented expansion in primary, secondary, and technical education.<sup>1</sup> The educational reforms have been especially beneficial to the very large sections of the population which traditionally had no schooling at all or at most one, two, or three years of it.

Among the wage earners, the peasantry have undoubtedly done very well as a result of the present Government's policy of redistribution. Participation by the peasantry in organisations of various kinds—as we shall shortly see—notably increased.

#### SHARE IN POLITICAL LIFE

Between 1958 and 1965 the share taken by the mass of the population in political life, as measured by the number of names on the electoral rolls, increased to an extraordinary degree. In Chile anybody over 21 who can read and write may register as an elector. In 1958, out of the total population above the age of 21, only 42 per cent. were electors, whereas in 1964 the proportion had increased to 71 per cent. In 1958, 53 per cent. of potential electors in Greater Santiago were not registered. By 1964 the proportion had fallen to a mere 16 per cent.<sup>2</sup>

In 1958, as a result of a socio-political investigation carried out in Greater Santiago, the conclusion was reached that the percentage of persons entered on the electoral rolls depends on socio-economic category and level of education.<sup>3</sup>

<sup>1</sup> For information about the years 1965 and 1966, see Ministerio de Educación Pública: *Sinopsis . . .*, op. cit.; Eduardo FREI M.: *Mensaje al Congreso Nacional, 21 de mayo de 1965* (Santiago, Departamento de Publicaciones de la Presidencia de la República).

<sup>2</sup> Data taken from Eduardo HAMUY: *Chile: el proceso de democratización acelerado*, paper submitted to the Second Latin American Conference of Political and Social Sciences, 1966 (mimeographed).

<sup>3</sup> Guillermo BRIONES: "La estructura social y la participación política: un estudio de sociología electoral en Santiago de Chile", in *Revista Interamericana de Ciencias Sociales* (Pan-American Union), second series, Vol. 2, No. 3, 1963, pp. 376-404.

The following percentages of the various socio-economic categories were found to be registered:

Big businessmen . . . . .	58.8
Managerial and professional employees with university education . . . . .	67.1
Small businessmen, white-collar and professional workers below managerial level without university education . .	40.3
Craftsmen and self-employed . . . . .	39.5
Manual workers and servants . . . . .	40.2

As regards the percentage at each educational level who were registered, the results were:

4 years or more of university education . . . . .	87.5
3 years or less of university education . . . . .	73.1
4 to 6 years of secondary education . . . . .	60.0
3 years or less of secondary education . . . . .	50.4
4 to 6 years of primary education . . . . .	42.4
3 years or less of primary education . . . . .	38.5

The increase in electoral registrations is attributable to the integration into Chilean political life of broad sectors of society formerly only marginally concerned, such as suburban groups, peasants, and, above all, women, who in 1965 represented nearly half the total of electors, whereas in 1952 they represented a mere 30 per cent.

#### BOOM IN POPULAR ASSOCIATIONS

In addition, there has been over the last few years an unprecedented enthusiasm for popular associations of various kinds, with a proliferation of neighbourhood clubs, mothers' unions, sports associations, youth organisations, cultural and artistic societies, and various types of co-operatives. Unfortunately, this movement has not been investigated. A study undertaken by D.E.S.A.L. (Economic and Social Development in Latin America) analyses 22 neighbourhood clubs and records that they have been set up to solve problems in connection with land acquisition, housing, environmental sanitation, medical facilities (dispensaries and clinics), police protection, urbanisation, literacy campaigns, and recreation grounds. They also carry on cultural and extension activities, and set up cultural centres, sports clubs, and so on. In addition, they are interested in setting up co-operatives as a practical means of remedying shortcomings.<sup>1</sup>

<sup>1</sup> See Desarrollo Económico y Social de América Latina: *Aportes para un programa de promoción social* (Santiago, 1966), pp. 70-71; and Manuel BARRERA: *Estructura social, aspiraciones y medios para alcanzarlos* (Santiago, Centro de Planificación Económica, 1962) (a field study investigating what people's aspirations are and what forms of social participation are evolved to fulfil these aspirations within a residential community).



The only figures available in connection with this move towards the creation of associations are provisional and, unfortunately, relate to 1966 only. In June of that year there were 2,376 neighbourhood clubs, 4,015 mothers' unions, 5,519 sports centres, 337 youth organisations and 398 clubs for culture and the arts, making a total of 12,645 organisations.<sup>1</sup>

These figures do not cover the co-operative movement, which has long existed in Chile. In this connection there are official data from another source, namely the Co-operative Department of the Ministry of National Economy, Development and Reconstruction. According to this source, there were, in 1964, 958 co-operatives in existence, plus another 448 in process of being set up, with a total of 530,165 members. The various kinds of co-operative are members of the following federations: the Chilean Federation of Thrift and Credit Co-operatives, the National Federation of Consumer Co-operatives, the Chilean Federation of Housing Co-operatives, the Chilean Federation of Electrical Co-operatives, the Southern Federation of Fishing Co-operatives, and the Northern Regional Federation of Fishing Co-operatives.

Over the last two years agriculture has been the sector which has shown most enthusiasm for the organisation of co-operatives. In 1965 the Agricultural and Cattle-Raising Development Institute (INDAP) helped in organising roughly 2,000 committees of small peasants (representing some 70,000 families), 300 peasant co-operatives with 20,000 members, and embryonic trade unions embracing 10,000 families. Especially significant, as far as the structure of agriculture is concerned, was the creation, in 1965, of 34 *asentamientos* (associations for work in common), covering 2,220 families and 291,000 hectares of land.<sup>2</sup>

The information about the growing participation of the more backward sectors of the population in economic life, education, and political activities, and the efforts being made to set up popular associations, reveal that these sectors are becoming ever more closely integrated into the life of the nation. It is difficult to characterise this phenomenon in concrete terms. It does seem, however, that Chilean society as a whole is becoming more cohesive and that the foundations are being laid for a system whereby the masses may play a bigger part in the development of the country.

### **The trade union movement**

The trade union movement has not remained unaffected by the tendency towards the creation of popular associations. Table IV gives official figures for the trade union movement in 1965.

The Director-General of Labour, in recent statements to the press, has said that in 1966 approximately 400 trade unions were set up in

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<sup>1</sup> Departamento de Organizaciones, Consejería Nacional de Promoción Popular.

<sup>2</sup> See FREI M., op. cit.

TABLE IV. REGISTERED TRADE UNIONS AND THEIR MEMBERSHIP, BY TYPE OF UNION, ON 31 DECEMBER 1965<sup>1</sup>

Type of union	No. of unions	No. of members
Industrial . . . . .	687	154 561
Occupational . . . . .	1 319	135 974
Agricultural . . . . .	32	2 118
Total . . .	2 038	292 635

Source: Dirección General del Trabajo.

<sup>1</sup> By industrial trade union is meant a union the membership of which consists exclusively of workers employed in a commercial or industrial undertaking with more than 25 workers over 18 years of age. An occupational union is one consisting of at least 25 persons in the same occupation, trade or type of work, or similar or associated occupations, trades and types of work, even when working in different concerns. An agricultural trade union is one exclusively made up of agricultural workers working on a farm where there are more than 20 agricultural workers over 18 years of age with more than one year of uninterrupted work on the same property. Of these 20, at least ten must be literate. These definitions are taken from Emilio MORGADO: *Libertad sindical en Chile* (Santiago, INSORA, 1966) (mimeographed).

individual undertakings; he thought that another 800 or so would be registered in 1967.<sup>1</sup> To the official figures of the labour authorities we have to add those for unions formed among persons employed by the State, for trade unions not recognised as such by the law, and various groups of workers in the private sector organised in "free" unions, which escape state supervision. Thus, organised labour represents roughly 25 per cent. of all Chilean workers (salaried employees and wage earners).

Table IV shows how fragmented the Chilean trade union movement is. The average industrial trade union has 225 members, the occupational trade union has 103, and the agricultural union 66. This position arises because workers tend to organise themselves at the level of the factory or establishment, and the place of work determines the size of the organised group. Collective bargaining is usually conducted within the factory or establishment and in most instances covers only the particular plant concerned. Another reason for the proliferation of these little trade unions, obviously, is the fact that there are so many small and medium-sized concerns.

In addition, because of legal considerations—we must never forget the tendency of Latin Americans to approach matters legalistically—trade union federations are very ineffective at the top. They are unable to standardise and co-ordinate the activities of their member unions, which accordingly enjoy a considerable measure of autonomy. This fragmentation makes it difficult for the trade union movement as such to play any real part in planning bodies.

<sup>1</sup> Statements published in the newspaper *El Mercurio* (Santiago), 26 Jan. 1967.

Besides which, there are no less than four national trade union federations. The biggest—which exerts a certain influence on most of the more powerful unions—is the Central Union of Workers (C.U.T.). This body was the result of years of endeavour to attain unity. However, such unity as has been achieved is more apparent than real, since it exists at the top among the national trade union leaders but not in the day-to-day activities of individual unions. No trade union federation has been formally recognised by the authorities, and the question of the extent to which these organisations can be considered representative is constantly recurring.

What is the attitude of the C.U.T. leaders with regard to participation in the activities of planning organs?

One of the leading figures in the C.U.T. has stated in an interview that his organisation would like to be represented in the planning organs; he would prefer it to be represented directly; failing that, representatives should be elected by the organised workers themselves. He rejected any procedure which would mean that the Government had the last word as regards workers' representation, and he felt that the workers' representatives should be numerous so that the trade union organisation would have ample opportunity to make its voice heard.

Although the C.U.T. considered that such participation was valuable, indeed essential, this in no way implied support of the plan by the trade union movement, or any trade union commitment with regard to development policy as a whole. In that sense the C.U.T., as always, was maintaining its liberty of action vis-à-vis the various governments of the country. Of course, if the development plans were such that trade union claims would be met, they would enjoy trade union support. But the unions would not commit themselves any further than that. The C.U.T. believed in the class struggle, not in co-operation. Hence its attitude to development plans would change under a socialist régime, where the means of production were no longer in private hands.

To sum up, the C.U.T. leader said that his organisation recognised the right of a duly elected government to lay down development planning policy. The C.U.T. wanted no change in that respect but simply wished to have the representation to which it was entitled, consisting of considerable numbers of delegates, in order to acquaint the authorities with the ideas and aspirations of the workers, without, however, committing itself.

#### VIEWS OF TRADE UNION PRESIDENTS

What do the presidents of industrial trade unions think about workers' participation in planning?



In what follows, we record the replies received from 231 presidents of industrial trade unions in Santiago, Valparaíso and Concepción, the three most highly industrialised provinces, to a direct question on this matter, put to them in the course of a sociological inquiry undertaken in 1962 by the Institute of Administration (INSORA) of the Faculty of Economic Sciences of the University of Chile.<sup>1</sup>

**Question:** *Would it, do you think, be good for the country if workers were strongly represented in the institutions concerned with national economic development plans?*

Answer	Percentage of respondents
Such representation is essential . . . . .	81.38
Might be of some use . . . . .	16.07
Would not make much difference . . . . .	1.73
Might be harmful . . . . .	0.43
Quite unsuitable. . . . .	0.43
	<hr/>
	100.00
	(N=231)

There are certain features in the Chilean trade union movement which render workers' participation easier, and others which have the opposite effect. Among the former are the interest taken in such participation by the trade union organisations and the relatively high degree of unionisation; among the latter, structural inadequacies, doubts as to how far the C.U.T. is really representative, and C.U.T. ideology, which questions the legitimacy of the established political and economic order (a sign that a national consensus of opinion is lacking), and the low level of general education and specialised knowledge among the trade union leaders, which makes it difficult for them to understand development plans and to make any positive contribution to the discussion of these plans.

### Employers' wishes

There are several employers' associations in Chile, of which the most important, as regards both size and influence on public opinion, are the Manufacturing Development Association and the National Agricultural Association. Both have been represented in the CORFO Council and provincial development committees. Accustomed as they were to exerting a decisive influence on government economic policy, it is natural that at present they should feel left out.

<sup>1</sup> See Henry LANDSBERGER, Manuel BARRERA and Abel TORO: *El pensamiento del dirigente sindical chileno. Un informe preliminar*, Publication No. 17 (Santiago, INSORA, 1963); Manuel BARRERA: *El sindicato industrial: anhelos, métodos de lucha, relaciones con la empresa* (Santiago, INSORA, 1965).

ARGUMENTS IN FAVOUR OF PARTICIPATION BY EMPLOYERS

Here are the main arguments adduced by the employers in favour of their participation in the planning offices:

(1) The various sectors of production should know well in advance how the national economy is going to develop and especially how costs and prices are going to be affected.

(2) Although, for planning purposes, the Government and the public sector must be allowed to carry most weight, they should not be the only planning agents.

(3) Planning can be considered democratic only when the State and individuals freely carry out their economic activities for the common weal.

(4) The private and public sectors impinge on each other in various ways, and proper co-ordination is required if clashes are to be avoided.

(5) The task of planning is not, in the last resort, a matter for the State alone but for the community of producers, and hence is something in which Government, employers and workers should have a share. Co-ordinated planning is required to ensure co-ordination of all the various economic activities.

(6) To ensure that the plans evolved are not merely empty exercises in speculation, and hence prove ineffective, it is essential to review the draft decree creating ODEPLAN, bringing in both employers and workers.<sup>1</sup>

VIEWS OF MANAGEMENT ON WORKERS' PARTICIPATION

In 1966 the Institute of Administration already referred to undertook an inquiry among 182 managers and directors of as many industrial establishments in Santiago and asked them to answer the same question as was put to trade union presidents.<sup>2</sup>

**Question:** *Would it, do you think, be good for the country if workers were strongly represented in the institutions concerned with national economic development plans?*

Answer	Percentage of respondents
Such representation is essential . . . . .	15
Might be of some use . . . . .	32
Would not make much difference . . . . .	15
Might be harmful . . . . .	26
Quite unsuitable. . . . .	11
	<hr/>
	100
	(N=182)

<sup>1</sup> See an article on this subject in *El Mercurio* (Santiago), 16 Jan. 1967.

<sup>2</sup> See Claudio FUCHS and Luis SANTIBÁÑEZ: *Pensamiento, política, y acción del ejecutivo industrial chileno* (Santiago, INSORA, 1966) (mimeographed).

Although the difference between those who favour such participation (47 per cent.) and those who are against it (37 per cent.) is not very marked, it is nevertheless significant. It shows that the outlook of the Chilean employer is changing and that he now accepts competition from other social groups, which are striving to influence the distribution of power within society.

In an endeavour to ascertain whether there were any parameters, of a personal kind or relating to the structure of the undertaking, which would explain the attitudes of management towards workers' participation, the data obtained were classified in accordance with the following variables: level of education of the respondent, his age, whether a trade union existed in his undertaking or not, whether there was a personnel department, whether there were any plans for expanding the undertaking, ways in which people rose to the managerial level, the industrial sector concerned, the production level, the size of the undertaking, the respondent's nationality, and whether he had done any advanced studies as an adult. Except as regards nationality and advanced studies, no significant correlations emerged. The relevant table is set out below.

TABLE V. ATTITUDE OF MANAGEMENT TO WORKERS' PARTICIPATION, IN RELATION TO NATIONALITY AND TO COMPLETION OR OTHERWISE OF ADVANCED STUDIES

Answer to question on workers' participation	Percentage of respondents having taken advanced studies	Percentage of respondents without advanced studies	Percentage of respondents with Chilean nationality	Percentage of respondents with foreign nationality
Appropriate . .	58	38.6	47.4	40
Would make no difference.	13.6	17.8	16.9	12
Unsuitable . .	28.4	43.6	35.7	48
Total . . .	100 (N=101)	100 (N=81)	100 (N=154)	100 (N=81)

It appears that executives who have undertaken advanced studies in the various aspects of management are more ready to accept workers' participation in institutions dealing with development plans than are those who have not, and that Chilean managers are more in favour of such participation than are managers of other nationalities.

### Outside stimulants

The present relatively speedy increase in the sum total of human culture is of course largely attributable to the process whereby one



society transfers parts of its own culture to others. This is the process of cultural dissemination. Modern societies have set up numerous special organs whose task it is to disseminate scientific and technical knowledge. It is only right to mention some of the international organisations which, in Latin America, have tried to popularise the idea of participation in development planning: the Economic Commission for Latin America, the Alliance for Progress, the Organisation of American States, and the International Labour Organisation.<sup>1</sup>

### **The Government's attitude**

The Government of Chile is fully aware that participation by occupational organisations is essential if development plans are to succeed. But it has not yet managed to devise the necessary machinery. In the Bill setting up ODEPLAN it is explicitly stated that the aim of the new body is "to create channels for communication with the community at large in order to rationalise its efforts", and that "new forms of communication will appear when the techniques of planned development are put into practice". Apart from these general statements, the Bill (the only official text on the subject) is silent. Since private interests are not at present involved in the planning machinery, it is hardly an exaggeration to say that in this respect there has been a retreat.

Why is this? Summarising what has already been said, and adding information gleaned from the sources most closely involved, we might explain the phenomenon as follows.

(1) The employers' associations did actively participate in the activities of CORFO when this was the body chiefly concerned with planning. The trade unions were represented too, but inadequately and over too short a period and their contribution amounted to very little.

(2) The experience acquired with participation in the (now defunct) provincial development committees showed that there was something to be said both for and against, with the arguments against predominating as regards trade union representation.

(3) Despite the proliferation of popular associations, no higher organs have been set up to unify, direct and represent these bodies.

(4) The leadership of the trade union movement tends to advocate a policy of opposition to the Government with a view to bringing about a new, socialist order of society. Although not against participation in planning, it is determined not to sign a blank cheque in favour of any particular development plan.

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<sup>1</sup> See Geraldo VON POTOSKY: "Participation by workers' and employers' organisations in planning in Latin America", in *International Labour Review*, Vol. 95, No. 6, June 1967, pp. 509-552.

(5) The major employers' associations tend to be politically to the right of the Government.

(6) Furthermore, supporters of the Government and majority party question whether the national trade union organisations, as at present constituted, and the employers' associations themselves, are truly representative. In their view, they do not in fact cover the sectors they claim to stand for. The executive organs of many of these associations tend to be closed oligarchies. In brief, then, no high-level bodies really representative of the community at large have yet emerged.

### **Participation in the future**

The interplay of forces which are hindering the establishment of adequate machinery for participation and those, both internal and external, which are pressing for it, is obliging the authorities to give this matter serious attention.

In January 1967 the President of the Republic had discussions with the chairman of the Manufacturing Development Association. A presidential adviser, present on that occasion, later stated that the Government wanted technicians, employers, white-collar and manual workers to take a share in planning the national economy; that co-ordination between the Government and private interests would shortly be considered, so that, within a reasonable period, the latter could be given a say in planning; and that account would be taken of experience acquired in that connection in Spain and France.<sup>1</sup>

ODEPLAN is busy considering the possibility of bringing private interests into the planning system by setting up a body in which employers, workers, technicians and civil servants would be represented. This body would be called the Economic and Social Council and would be responsible for approving the plan. The Council, which would have some 60 members, would meet for a kind of conference session once or twice a year, and representatives of the four groups mentioned above would account for some 15 per cent. of its total membership.

Participation would likewise take place in committees for individual sectors of the economy. These would meet once a month. Each of the four groups mentioned above would have four permanent official representatives. The committees would decide whether the plan was feasible and acceptable. In addition, delegates from the four groups would be offered seats in the regional planning bodies (indeed, it is in such organs that participation might for the first time be arranged). The machinery to be set up would be flexible enough to cover regional differences and to act as a sounding-board for the concerns and aspirations of individual regions.

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<sup>1</sup> Statements by Mr. Raúl DEVÉS, co-ordinating officer (Government and private groups), in *El Mercurio* (Santiago), 13 Jan. 1967.

These are some of the ideas now in the air. Nothing definite has yet been decided. The ODEPLAN authorities are quite prepared to begin talks with the employers and trade union leaders, even though the latter may be critical. Such talks, they consider, would be valuable, since opposition to the Government's plans can be put down to ignorance as well as to party politics.

Should the Government decide that private interests shall within the near future be given a say in the planning machinery now being evolved, it will have to make do with the trade unions and employers' associations as they are at present. If, as has been the case hitherto, it is hoping that the country will acquire community organisations of a national character and that the trade unions and employers' associations will become broader and more democratic (and possibly more in sympathy with official policies), it may still have a long time to wait.

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# Reconciling Stability and Mobility in Employment Relationships in Rumanian Law

Leonid MILLER <sup>1</sup>

IN THIS ARTICLE we shall review the principal means employed in Rumania to ensure maximum stability in employment relationships, and in particular the way in which this concern with stability is reconciled with the acceptance and even encouragement of a certain amount of mobility.

Before doing so, however, we should first mention some of the basic features of socio-economic relations in Rumania today, since they have a direct bearing on the principles by which employment relationships are regulated and on the methods used.

In Rumania the principal means of production are the property of the people as a whole in the shape of the socialist State. The State is thus the sole owner of assets of all types allocated to state undertakings (in the fields of industry, agriculture, construction, transport, commerce, etc.), to social and cultural institutions and to all other socialist organisations run by the State. Part of the production process is the business of co-operative organisations (agricultural producers' co-operatives, handicrafts co-operatives), while distribution is ensured by consumers' co-operatives, especially in rural districts.

The activities of state socialist organisations and co-operative organisations are planned. However, the plan drawn up for a given individual organisation is not looked upon as something to be followed rigidly but serves rather as a flexible framework for the organisation's activity and development, which can easily be adapted to specific con-

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ditions. An advanced form of work organisation has thus been established, and it is in this setting that the question of stability and mobility in employment relationships must be examined.

In order to understand the socio-economic context of the problem under study, it is worth recalling briefly the striking economic progress made in recent years.

According to the latest official statistics, total production has risen steadily and by 1965 it was almost ten times greater than in 1938. Electric energy production increased from 1,130 million kWh. in 1938 to 17,215 million kWh. in 1965. During the same period the production of steel rose from 284,000 to 3,426,000 tons, the net production of coal from 2,208,000 to 10,291,000 tons, and cement production from 510,000 to 5,406,000 tons.

In 1965, 52.2 per cent. of all industrial undertakings employed more than 500 workers each. The present number of wage earners exceeds 4.5 million (compared with 2,123,000 in 1950), of whom some 40 per cent. are employed in industry.<sup>1</sup>

### **The contract of employment and the employment relationship**

Passing now to some preliminary legal considerations closely related to the social and economic data given above, we should point out that, according to Rumanian law, the employment relationship between workers of all categories and their employers (in most cases a socialist organisation) is fixed by a contract of employment. The establishment, maintenance and termination of this relationship are all based on the contract of employment. This applies to manual workers (whatever the organisation in which they are employed), salaried employees, and technical and supervisory staff (including those working in the state administration and those who occupy paid elective posts).

This principle is embodied first and foremost in the Labour Code (in its original form of 1950 and as subsequently amended<sup>2</sup>), which recognises the contract of employment as the sole basis for the employment relationship and therefore considers this relationship to be contractual.<sup>3</sup>

This theory of the contractual nature of the juridical employment relationship establishes a principle of far-reaching import: by uniting the concept of planning with that of the right to work and freedom of

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<sup>1</sup> *Anuarul Statistic al Republicii Socialiste România, 1966* (Statistical Yearbook of the Rumanian Socialist Republic, 1966), pp. 116, 144, 148, 172, 178.

<sup>2</sup> I.L.O.: *Legislative Series*, 1950—Rum. 1 . . . 1960—Rum. 1.

<sup>3</sup> For further details, see L. MILLER: "Rolul contractului în dreptul muncii" (The role of the contract in labour law), in *Studii și cercetări juridice* (Bucharest), 1966, No. 3, pp. 509 ff.

labour it forms the most suitable theoretical foundation for the building of socialism in an increasingly democratic spirit.

In the first place, manpower planning in fact does no more than determine the requirements for manpower resources in general and for qualified management staff in particular for a given period, the contract of employment (together with the training contract) being the main legal instrument for meeting these needs.

Secondly, the fact that the employment relationship can be established, maintained and modified only with the free consent of the interested parties gives practical meaning to the right to work, defined in section 18 of the Constitution<sup>1</sup> as the possibility for each citizen to engage in an activity (remunerated according to its quantity and quality) which corresponds to his training and in this way to make use of his aptitudes. At the same time a link is forged between the general interest (in particular that of the undertaking<sup>2</sup>) and the personal interests of each employee.

Finally, the principle of the employee's consent constitutes, in a socialist régime, a guarantee of the freedom of labour; the employee alone decides what is in his own interests.

### **The three fundamental elements of stability in the employment relationship**

The contract of employment establishes a juridical relationship between the worker and the undertaking, which is a legal entity. Through it, too, the type of work he will undertake (the work agreed upon) and the place of work (the geographical location in which he will normally work) are necessarily determined and are thus fundamental elements in the legal relationship; as a party to the contract the undertaking is also an essential element in this relationship.

In Rumanian law the concrete legal definition of the type of work is made in terms of the job. In the case of salaried employees (especially technical, administrative and specialised personnel) the definition is based on the nomenclature of jobs in each undertaking, according to its organisational structure; in the case of manual workers it is based on their trade and level of skill. Similarly, the legal definition of the place of work is the locality in which the employee normally works.

In our opinion, it is in terms of these three main elements of the contract—the undertaking, the type of work, and the place of work—that both stability and mobility in employment and in employment relationships can be given concrete definition.

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<sup>1</sup> An official translation into English was published in *Constitutional and Parliamentary Information* (Inter-Parliamentary Union, Geneva), 3rd Series, No. 64, Oct. 1965, pp. 191-213.

<sup>2</sup> In this article the term "undertaking" includes both undertakings in the strict sense and all other socialist organisations.



Stability in employment is thus characterised essentially by the wage earner's remaining for as long as possible in the same undertaking, working at the same job and in the same locality; mobility consists in a change in one of these elements during the employee's working life (for example transferring to a different job requiring the same skills or a job requiring different skills) and the frequency with which such changes take place.

The principal feature of stability in employment is the fact of remaining in one and the same undertaking, in the same community of workers (pursuing a common aim, subordinate to the same management and belonging to the same trade union). Permanency in the same job and in the same locality (within a given undertaking) are secondary aspects which constitute what might be termed "internal stability" (i.e. within the undertaking).

It may nevertheless happen that overriding interests require workers with certain skills or specialisations to remain in the same job (trade or occupation). In such cases the determining factor of stability is the type of work.

### **Advantages of stability in employment relationships**

The advantages of stability in the employment relationship are well known. While it would be too much to maintain that, all other things being equal, the results are always directly related to the length of service, it is nevertheless clear that stability of employment, by enriching the worker's experience, helps to develop his occupational aptitudes and skill, broaden and perfect his knowledge and, therefore, improve his qualifications for the job. In other words, stability increases the prospects of more productive work—and, for the employee, of higher earnings.<sup>1</sup> At the same time it helps to improve co-operation between the worker and other elements, both horizontally (colleagues, and workers from other departments and undertakings) and vertically (chiefs, subordinates, higher and lower units), and creates favourable conditions for passing on experience to beginners.

Generally speaking, stability of employment in socialist undertakings strengthens the wage and salary earners' attachment to the undertaking and makes their participation in its activities more positive and effective. In short, it contributes to the cohesion of the community of workers in each undertaking—which can be thought of as a large family—strengthening their spirit of solidarity and creating an atmosphere that helps the undertaking as a whole to run smoothly. The retention of supervisory staff who have spent their working lives in the undertaking and have

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<sup>1</sup> In this respect, see V. BUIA: "Asigurarea stabilității în funcție a angajaților" (Ensuring stability with regard to workers), in *Justiția Nouă* (Bucharest), 1966, No. 6, p. 47.

acquired immense experience is often of critical importance to its trouble-free operation.

In contrast, instability in employment—quite apart from the difficulties it involves for the undertaking—can make it necessary for the workers affected to undergo a period of retraining or adaptation and occasionally the loss—even if only partial—of opportunities to put the experience they have acquired to good use. Difficulties of retraining may be exacerbated by difficulties of a social nature such as integration into a new community of workers. Or again, the departure of supervisory staff who play a vital part in the production process can sometimes cause considerable disruption in the activity of the undertaking.

Thus stability of employment is not an end in itself but a means of attaining certain economic and social objectives; it brings advantages both to the undertaking and to the individual worker.

### **Advantages of mobility in employment relationships**

It is clear that stability of employment can never be absolute and indeed none of the arguments in favour of stability implies an insistence on inflexible employment relationships. So there is no question of a tendency for these relationships to petrify.

The very reasons for wanting stability also call for a certain amount of variability, i.e. some mobility, in the relationship. While stability constitutes the principal, long-term target, mobility complements it and determines its natural limits: it is only possible to grasp the real significance of stability by virtue of its combination with mobility. In other words, limited mobility answering the needs of social and individual progress guarantees stability in its true sense (promotion, for example, can help to keep valuable managerial staff within the undertaking) and is justified in a great number of cases.

Thus it frequently occurs (especially in the case of managerial staff undergoing training) that the most natural consequences of an employee's acquiring experience are promotion and a change in the type of work (i.e. a change of job), in order to take full advantage of his abilities. However, it is not always possible to achieve this aim if the employee stays in the same undertaking or locality; one or both of these elements then have to be changed.

On the other hand, it may happen—rarely, it must be admitted—that changes result from the discovery after a certain time that the worker does not meet the requirements of his job, and it may be impossible to transfer him to a job better suited to his abilities within the same undertaking.

Changes in the employment relationship can also occur as a result of other circumstances, both objective and subjective. The former include

reorganisation of the undertaking, changes in its activity, the instauration of modern equipment requiring more detailed knowledge, the need to help other undertakings (whether already operating or in the process of being set up) by providing them with qualified managerial staff, variations in the volume or rhythm of activity, and transition to a three-shift system (night work being permitted only in the case of certain categories of persons). In the case of the individual worker a whole range of factors, both occupational and otherwise, can lead to changes: the wish to follow a course of study, to carry out experiments in the workshop laboratory, to work with highly qualified specialists, to live together with his family, to bring up his children or put them in a crèche, day-nursery, or other institution for children, and so on.

### **Reconciling stability and mobility in employment relationships**

As a general rule, therefore, stability in employment can correspond fully to the interests of the undertaking and the worker only if it is combined with a certain degree of mobility. Consequently, a judicious combination of stability and mobility, which reflect the dual nature of the employment relationship, is an essential aim of social employment. To achieve this combination in socialist Rumania, several procedures are resorted to, incorporating a number of social, economic, legal, organisational and other safeguards. We shall be concerned here only with those which are predominantly legal in nature and whose object is to establish a system of stable employment relationships.

The measures adopted can be classified under two main heads, according to whether their aim is to regulate the various aspects of establishing, modifying and terminating the relationship, or to introduce various moral and material incentives to encourage stability or, in certain special cases, mobility of employment.

In the first category a distinction must be made between measures which relate to (a) the establishment of the employment relationship; (b) its modification; and (c) its termination.

### **Establishing the employment relationship**

We have seen the advantages of giving the employment relationship a contractual basis. The contract of employment is the legal instrument whereby undertakings are enabled to obtain the qualified supervisory staff they require and, more generally, to build up a community of competent and loyal workers. As far as the workers themselves are concerned, they are free to choose the job they feel will best make use of their abilities and tastes, thus laying the foundations for a long-term employment relationship.



The three essential elements in the contract of employment (the undertaking, the type of work, and the place of work) are also elements of stability and, once determined by the free agreement of the parties, can in principle be modified only by drawing up a new agreement.

Section 14 of the Labour Code lays down the right of the undertaking to stipulate a trial period of a maximum of 30 days. However, this condition is optional. Consequently, whenever no such period has been provided for, the contract is deemed to be definitive from the moment it has been concluded.<sup>1</sup> Similarly, starting from the principle of equality of the parties to the contract, it has been maintained—and, we believe, rightly so—that a trial period can also be stipulated in favour of the worker if he so desires.<sup>2</sup> This conclusion is in conformity with the practice, in Rumanian law, of regarding the contract of employment as having a personal character in respect of both the undertaking and the employee.<sup>3</sup> The two parties are thus in a position to ensure beforehand whether the contract is, in fact, such as to take account of their respective interests and to form the basis of a durable relationship.

A number of other legal provisions also further this aim, such as those relating to the classification, by special technical committees, of workers in different skill categories (subject to later changes by the committees)<sup>4</sup>, those regulating the selection by competition of certain specialised staff (foremen, medical staff, university staff, scientific research workers) and those laying down the level of study and training necessary for occupying any technical, administrative or specialised position.

The contract of employment can be concluded for an indefinite period, for a definite period or for the carrying out of a given piece of work (section 13 of the Labour Code). The law nevertheless makes no mention of “provisional” engagements (in which no term is fixed), and jurisprudence has decided that such engagements are not permitted.<sup>5</sup> This is quite understandable, since engagements of this kind could make it easier to circumvent certain provisions (maximum duration of the trial

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<sup>1</sup> In this connection, see Order No. 1002 of 1964 enacted by the Civil Chamber of the Supreme Court, in *Culegere de decizii*, p. 152. The practice of the courts is, moreover, consistent.

<sup>2</sup> See, for example, S. GHIMPU: “Termenul de încercare în contractul de muncă” (The trial period in the contract of employment), in *Justiția Nouă* (Bucharest), 1964, No. 4, pp. 46-47; V. I. CÂMPINEANU and G. N. VASU: *Încheierea, modificarea și încetarea contractului de muncă* (The conclusion, modification, and termination of the contract of employment) (Bucharest, Ed. Stiințifică, 1965), p. 52.

<sup>3</sup> See L. MILLER and S. GHIMPU: *Delegarea, detașarea și transferarea angajaților* (The delegation, detachment and transfer of employees) (Bucharest, Ed. Stiințifică, 1966), pp. 184-185.

<sup>4</sup> A provision embodied in Decision of the Council of Ministers No. 240 of 1963.

<sup>5</sup> See, for example, Decree No. 1518 of 1957 enacted by the Civil Chamber of the Supreme Court, in *Culegere de decizii*, p. 210.

period, grounds on which the undertaking can terminate the contract) and since, in default of an explicit clause relating to its duration, the contract is presumed to have been concluded for an indefinite period. Furthermore, if the employment relationship continues after the expiration of the stipulated period, the contract is deemed to be prolonged for an indefinite period (section 23 of the Labour Code). These provisions demonstrate the desire to encourage stabilisation of employment and stability in employment relationships, in so far as circumstances do not require a different approach.

### **Terminating the employment relationship**

With regard to the provisions governing the termination of the employment relationship (by termination of the contract), we must first point out that the principle of equality of the parties, which we noted in the case of the establishment of the relationship, does not apply here, for it is not through equality of the parties but through their inequality that the conflicting demands of stability and mobility are reconciled—the inequality being weighted decidedly in favour of the employee as a means of protecting his basic interests.

Thus, while the employee is entitled to terminate the contract of employment at any time—provided only that he give the employer 12 working days' notice (section 19 of the Labour Code)—the undertaking can do so only in cases specified by law (sections 16-1, 20 and 21 of the Code). Each of these cases relates to imperative circumstances, which may be objective (the transfer of the undertaking to another locality, closure of the undertaking, reduction in the number of staff employed, reinstatement by court order of the employee who had formerly held the post occupied by the employee in question, the latter's rights being safeguarded) or subjective (the employee's unfitness for the work to which he has been assigned, systematic or very serious violation of plant discipline, prolonged absence through illness or imprisonment, retirement).

Unless the contract has been concluded for a definite period, whereby the employee expresses his intention not to terminate it before its expiry, he is entitled to terminate it without there being any question of an abuse of the law (defined in sections 1 to 3 of Decree No. 31 of 1954 relating to natural persons and legal entities as the exercise of a subjective right in a manner contrary to its economic and social purpose). Since, in fact, the purpose of this right is to secure freedom of labour by not putting any obstacle in the way of the termination of a contract of employment, an abusive exercise of the right is inconceivable.

It follows that, since the exercise of this right is not censurable, the employee is not bound to state the grounds which led him to terminate the contract.

The right of the undertaking to terminate the contract is, however, a different matter. For one thing, termination of the contract by the employer can raise the question of an abusive exercise of this right. Moreover, if he wishes to terminate it on the grounds of the unsuitability of the employee or indiscipline, he must do so within one month of learning of the fault in question. At the same time, the undertaking must inform the employee, in writing, of the termination of the contract and of the reasons, and cite the relevant legislative texts. If the communication is not made in writing or does not contain these essential elements, the termination of the contract is deemed illegal.<sup>1</sup>

In cases where the contract of employment is terminated on objective grounds, the undertaking is bound, within the limits of its possibilities, to transfer the employee to another job or to arrange for his placement in another undertaking. It should be noted that, generally speaking, termination of the contract of employment in the case of employees who are fit to work has been very rare in the past few years in Rumania, and the problems which may arise for undertakings and their staff have been solved in the very great majority of instances by transferring the employees in question. The measures are taken with the consent of the employee and guarantee him the preservation of all his rights.

Similarly, if the obligation to find the employee alternative employment has not been fulfilled when in fact a job is available, the termination of the contract is deemed illegal.<sup>2</sup>

In all cases where termination of the contract is unfounded or illegal, the employee is entitled not only to damages for loss of earnings but also to reinstatement in his job (section 21-<sup>1</sup> of the Labour Code), and, furthermore, he is entitled to have the whole period during which he was prevented from working credited to his length of service. It is thus always possible to re-establish stability of employment that has been disturbed by an abusive or illegal act, the responsibility for the act naturally devolving upon its author.

### **Modifying the employment relationship**

The aim of provisions governing changes in the juridical employment relationship is to provide for some flexibility in this relationship, as circumstances require, while nevertheless setting certain limits. They show a significant concern to establish a just balance between the respective demands of stability and mobility.

Thus sections 15 and 16 of the Labour Code embody a fundamental

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<sup>1</sup> See, for example, Decrees No. 1409 of 1963 and No. 1002 of 1964 enacted by the Civil Chamber of the Supreme Court, in *Culegere de decizii*, pp. 182 and 152.

<sup>2</sup> This has been consistently confirmed by the courts. See, for example, Decrees No. 1188 of 1957 and No. 1012 of 1964 enacted by the Civil Chamber of the Supreme Court, in *Culegere de decizii*, pp. 241 and 156.



principle with respect to the transfer of employees to other work (another job), another locality or another undertaking<sup>1</sup>: such transfer is possible only by agreement of the parties, the express consent of the employee being required. The mutual consent of the parties, as a prerequisite to the modification of an essential element of the relationship is without doubt the most effective and thus the most important means of combining stability and mobility in applying the principle of freedom of labour in a flexible and judicious manner.

The employee's consent is also required before he can be promoted to a higher post or take the place of an absent colleague. Even if the employee is not able to carry out the task for which he has been engaged, that is to say if he does not match the demands of the post, the undertaking—in conformity with the express provisions laid down by section 20-3 of the Labour Code—can only invite him to take on a vacant job requiring the same occupational qualifications but cannot transfer him without his consent. Similarly, in cases where, after the promotion of the employee, it is found that his ability has been wrongly assessed, the promotion cannot be retracted by a unilateral decision on the part of the undertaking.<sup>2</sup>

Consequently, the above-mentioned provisions (like those relating to the establishment and termination of the employment relationship) lay down the right of the employee to his job, to his remaining in the locality stated in the contract for the purpose of social benefits, and to his remaining in the same undertaking. In other words, they stipulate his right to stability of employment.

The employee's freedom to accept or refuse changes in one of the three essential elements of his employment relationship may not be interfered with. It is for this reason—as in the case of the employee's terminating his contract of employment—that the theory of an abusive exercise of a right, which is generally a matter of considerable importance in Rumanian law, cannot be applied here.

If, in spite of this, the management of the undertaking decides to transfer the employee to another job, another locality or another under-

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<sup>1</sup> In the event of the employee's being transferred to another undertaking, it is possible to speak of having "modified" the employment relationship only in the broadest sense of the term, which would also include the transmission, by virtue of a tripartite agreement reached between the employee and the two undertakings, from one legal entity to another of the rights and obligations of which the employment relationship, a complex juridical relationship, consists. In our opinion, from the legal standpoint we are dealing here with the transmission under particular circumstances of a whole contractual situation. By virtue of the initial contract the juridical relationship continues with the second undertaking, which inherits the rights and obligations of the first. We consider that this legal interpretation can best explain why the employee transferred to a different undertaking retains all the rights to which uninterrupted employment entitles him. For further details see MILLER and GHIMPU, *op. cit.*, pp. 232 ff.

<sup>2</sup> In this connection see Decree No. 890 of 1954 enacted by the Civil Chamber of the Supreme Court, *Culegere de decizii*, Vol. I, p. 235.

taking without his consent, the employee is not bound to comply and of course his refusal to do so cannot give rise to disciplinary measures. Furthermore, if the employee accepts the decision to be transferred but contests its legality before the competent labour authority (or if, having been transferred, he is prevented from working), the undertaking can be obliged to reinstate him in his job and to pay him damages for the whole period during which he has been deprived of his earnings.

Situations nevertheless arise in which particular interests of the employee or the undertaking have made it necessary to admit the right of one or the other of the contracting parties to modify one of the essential elements of their relationship. As we shall see, when providing for such contingencies legislation has been concerned with maintaining a balance between the interests involved.

#### THE RIGHT OF THE EMPLOYEE TO MODIFY THE EMPLOYMENT RELATIONSHIP

The employee may, when he considers it to be in his interests, request the undertaking to transfer him to another post, another locality or another undertaking, or may request any other change in his conditions of work. The undertaking is free to accept or reject the employee's request but is bound to exercise this right in conformity with its social and economic purpose.

In certain cases, however, where the vital interests of the employee are involved, the law grants him the right to request (and consequently to obtain) the transfer, the undertaking being obliged to accede to the request. This right applies in the following contingencies: transfer in order to comply with the obligation to ensure that the employee is given another job (section 20-<sup>2</sup> of the Labour Code), transfer to lighter work (pregnant women engaged in heavy work, section 90 of the Code), transfer to another job as a result of illness (section 9 of Decision of the Council of Ministers No. 880 of 21 August 1965).

Furthermore, the employee also has the right to be transferred to another undertaking—while retaining all the advantages arising out of continuity of employment—on having successfully passed a practical test in the other undertaking, provided that the first undertaking does not engage in operations requiring the qualification he has newly obtained (section 5 of the regulations approved by Decision of the Council of Ministers No. 240 of 1963). If, under such circumstances, the undertaking rejects his request for transfer, the employee can assert his rights by putting the matter before the labour authorities.

#### THE RIGHT OF THE UNDERTAKING TO MODIFY THE EMPLOYMENT RELATIONSHIP AND CERTAIN CONDITIONS OF WORK

There are only two situations in which the management of the undertaking can unilaterally impose a change in the type of work (the job) on

the employee, both of which are exceptional and applicable for a limited period only.

The first case, provided for by section 15, paragraph 3, of the Labour Code, involves the necessity of averting a threatened stoppage of the unit or danger to human life—in other words, an emergency. The second involves serious misconduct; here the management can demote the employee for a maximum of three months.

Action by the management can take the form of transferring the employee to a different locality (posting) or a different undertaking (detachment). According to section 17 of the Labour Code, posting consists of sending the employee to a place other than his place of employment for a period not exceeding 60 days for the purpose of carrying out certain work for the undertaking. Detachment, on the other hand, consists of sending him for a period not exceeding six months to another undertaking in the same or another locality, in the interests of that undertaking, or to a part of his own undertaking situated in another locality, in the interests of the undertaking.

In neither case may the type of work assigned to the employee under the terms of the contract be affected; furthermore, the law provides for safeguards against over-frequent or too prolonged detachments.

The main justification for posting and detachment is a desire to promote the normal growth of the undertaking in all its sections and sub-units by ensuring that its various tasks are carried out, and to maintain links of co-operation and mutual help with other undertakings; this explains why the employee must give proper grounds for refusing to comply with a posting or detachment order.

Besides these two cases in which a temporary modification of the relationship can be decided upon unilaterally, other contingencies are provided for in which the management of the undertaking can change certain conditions of work permanently.

Thus it is entitled to change the conditions of work relating to a given job (modifying certain responsibilities of the employee or fixing new conditions under which the work is to be performed). It can, furthermore, transfer the employee to a basically similar job (requiring the same skills and involving responsibilities of the same type), but this may not entail a reduction in his salary. In such situations, and with the reservations given below, the acceptance of a given job by the employee is considered to imply his agreement to undertake another, similar, one. So although the employee transfers from one post to another there is no change in the type of work as an element in the contract of employment.

Similarly, the management of the undertaking can request the employee to work in another place (in the same locality or in its immediate proximity)—for example a different department or workshop, a different section or sub-unit—for these are only matters of internal administration within the undertaking.



LIMITATIONS ON THE RIGHT OF THE UNDERTAKING  
TO MODIFY CONDITIONS OF EMPLOYMENT

Once the parties to the contract of employment have explicitly agreed on certain conditions regarding the type and place of work (in conformity, of course, with the law) these conditions, which are determined by circumstances or by the interests of the parties, can be changed only through a new agreement between them.

Furthermore, in our opinion, when specific personal considerations have determined the employee's consent to the conclusion of the contract and the other party is aware of these considerations, or it would be justified to suppose that he is aware of them, even though the considerations are not explicitly stated in the contract, this other party may not unilaterally modify conditions relating to these considerations. This is an application of the theory of purpose in civil contracts.<sup>1</sup>

When, therefore, the employee accepts employment only under certain special conditions for personal reasons which to his mind are of decisive importance, and the management of the undertaking, knowing of this situation, agrees to sign the contract, the latter is deemed to have tacitly accepted these conditions; in this case the management considers *either* that to accept these conditions is not (and will not be) detrimental to the interests of the undertaking *or* that the conditions must be accepted in view of the imperative need to take on the individual concerned (because of his exceptional qualifications or skill or because persons in his occupation are in great demand).<sup>2</sup>

Thus the first limitation on the right of the undertaking to modify the employment relationship or the conditions under which the work is carried out relates to the purpose of the contract.

The purpose of the contract, which is both a universal criterion applicable to all cases and a differentiated one allowing for flexible solutions adapted to the circumstances of each case, makes it possible to delimit the conditions which the management of an undertaking may or may not change unilaterally.

Furthermore, the right of the undertaking to change certain conditions of work on its own initiative, like other subjective rights, may be exercised only in conformity with the socio-economic ends which led to

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<sup>1</sup> This theory has been brilliantly expounded by the Rumanian lawyer Professor Traian IONASCU. See "Les récentes destinées de la théorie de la cause des obligations", in *Revue trimestrielle de droit civil* (Paris), 1931, in which he summarises the main conclusions of his thesis of 1923. He arrived at these conclusions without knowing of the work by the well-known French civil lawyer Henri CAPITANT: *De la cause dans les obligations* (Paris, 1923). More recently Professor Ionascu has put forward his theory in his *Curs de drept civil. Teoria generală a obligațiilor* (Bucharest, 1950) (mimeographed), pp. 67 ff.

<sup>2</sup> For more details, illustrated by numerous examples, on this theory, see L. MILLER: "La mutation des salariés dans le droit de la République populaire roumaine", in *Revue des Sciences sociales* (Bucharest), Série des sciences juridiques, 1964, No. 2, pp. 180 ff.; MILLER and GHIMPU, op. cit., pp. 169 ff.

its being recognised. Otherwise the right in question no longer enjoys the protection of the State. The employee's conditions of work (in so far as they have not been included in the contract by the explicit or tacit wish of the parties) can therefore be modified by the undertaking when this appears necessary, for example for the achievement of planned targets—qualitative or quantitative—or for the improvement of work organisation. On the other hand, a change in the conditions of work cannot be asked of the employee on grounds other than these or, more generally, without justification. If, nevertheless, such a situation were to arise, the employee would be entitled to have the abusive action annulled and the former conditions restored, while the undertaking would be obliged to pay him damages for any loss suffered.

In other words, the theory of the abuse of a right, as conceived by Rumanian legislation, represents a second limitation on the right of the undertaking to modify conditions of work. This same limitation also applies to the right of the undertaking to make a temporary change in the juridical employment relationship by transferring the employee to a different job or by posting or detaching him.<sup>1</sup>

In this way the theory of purpose in a contract of employment and that of the abuse of a right (i.e. the aim of the contract and the aim of subjective rights), when applied to the modification of conditions of work and thereby limiting the right of the undertaking to change these conditions, can also help, by application of the law, to strike a balance between stability and mobility in employment relationships.

### **The role of material and moral incentives**

Legislation in the Socialist Republic of Rumania attaches great importance to the material participation of workers in the results of their work and, in general, in the results of the activity of the community of workers to which they belong, i.e. the undertaking in which they are employed. Material participation is not only a specific means of reconciling the interests of society and the individual but also one of the most effective means of achieving economic objectives.

A wide variety of incentives contribute directly to the wage earners' material interest. Some aim at "stabilising" the workers, at helping to establish and develop durable employment relationships, which by their nature are subject to changes in the course of time, though not to prejudicial ones. We shall confine ourselves to a few examples of such incentives.

Graduates from institutions of higher education and specialised colleges who work in a locality other than that in which they are domiciled

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<sup>1</sup> For more details and examples, see MILLER and GHIMPU, *op. cit.*, pp. 71, 94, 180-184 and 198.

are entitled to the reimbursement of transport expenses for themselves and their families and of removal expenses. In rural localities they are also granted an installation allowance. In all cases the undertaking and the local authorities must obtain suitable lodgings for the employee and allow him to take his meals at the canteen if he so desires. The local authorities are further obliged to build dwellings for members of the teaching staff of primary and secondary schools and their families if none are available. In villages each family has the use of a kitchen garden.

Reflecting the same concern to confer a degree of "permanency" on workers who are indispensable to the national economy and the socio-cultural sector and to encourage them to remain in their jobs, several provisions grant annual and sometimes monthly bonuses (awards) for uninterrupted service in the same undertaking or the same branch of activity, while others establish a wage scale for specialist staff according to their length of service.

Length-of-service bonuses are granted in certain important branches of the national economy (extractive and metallurgical industries), for certain occupations in the meat and fish industries and agricultural units, in rail and water transport, in the post office and telecommunications services, etc., after the first year of service. The rate rises in proportion to the length of continuous service (with certain variations) and the total can amount to twice the annual wage.

A wage scale according to length of service in the same branch is applied in the medical and health services, teaching, the judiciary, and in the case of certain officials. Technicians attached to agricultural units and veterinary and medical staff employed in rural districts are granted a special allowance.

Certain categories of employees receive bonuses (for arduous or unhealthy work, for work carried out in isolated workplaces, etc.), which further increase their material interest in their jobs.

Provisions relating to the practical experience necessary for classification in certain skilled categories (in the case of manual workers) or for the performance of certain functions (in the case of salaried employees and specialised personnel) also serve as incentives to remain in the same jobs for a long period. The length of training required varies according to the level of the category or job, and the prospects of promotion increase with the length of service. The numerous facilities available to employees to enable them to improve their qualifications (vocational and technical training, evening classes and correspondence courses organised within the system of secondary and higher education, specialised industrial, agricultural, economic and other institutes, and short courses for training technical and administrative staff) also help to provide each employee with good chances of promotion and, consequently, to lengthen the "life" of an employment relationship (each occupational career thus undergoing successive adaptations).



The “stabilisation” of employees is further promoted by the fact that all workers taken on for an indefinite period have more extensive rights, in some respects, than temporary wage and salary earners.<sup>1</sup>

It was with this in mind that the provisions granting the first annual holiday after 11 months of continuous service were adopted, while under section 63 of the Labour Code employees with a long period of continuous employment are entitled to an additional leave period, depending on the length of service. The same is true of provisions fixing sickness, maternity, and other allowances under the state social insurance system according to the length of uninterrupted service (Decision of the Council of Ministers No. 880 of 1965).

The recent Pensions Act of December 1966<sup>2</sup>, while maintaining the principle of pensions graded according to length of service, introduces several measures that have the effect of bringing the levels of pensions closer to those of wages. It further provides for supplementary pensions for employees who can show continuity of employment. This is an added incentive—and an effective one—to stability in employment relationships.

In addition to incentives offering material advantages, stability is also encouraged by moral incentives: distinctions for regular and conscientious work, various honorary distinctions or titles such as “leader”, “emeritus”, etc., and the award of high-ranking decorations and medals.

On the other hand, some legal provisions (much fewer in number, of course) aim at encouraging changes in certain elements of the employment relationship when the needs of the undertaking so require. Thus they promote mobility in employment in certain cases. There are, for instance, the rights and safeguards enjoyed by employees when posted, detached, or transferred to another job: the guarantee in all these contingencies (including transfer to a different undertaking) of uninterrupted service and the many advantages it entails; safeguards covering employees who have been posted or detached; and various indemnities and other material benefits to which employees in these three situations are entitled.

In addition to all these incentives provided for by the law, there is a virtually unlimited range of possibilities to which managements of undertakings can have recourse—depending on the circumstances—in order to retain their workers. It will suffice to mention their increasing freedom to take measures affecting the working or living conditions of employees (to lighten the work, to organise shift work and to fix working hours in general, to take steps to improve levels of skill, to develop and try out inventions and new devices, to provide transport for employees living at a distance, housing, and crèches and nurseries for children, to encourage other social and cultural institutions and activities, etc.). All these meas-

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<sup>1</sup> In this connection, see BUIA, op. cit., p. 48.

<sup>2</sup> Act No. 27 of 28 December 1966 (*Buletinul Oficial*, Part I, 28 Dec. 1966, No. 85, pp. 618-631).

ures, whether laid down in the contract of employment or taken at a later date, represent further ways of promoting stability in employment relationships.

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Statutory, contractual and other measures designed to encourage stability—combined with the necessary degree of mobility—thus form a whole. Through them the right to work is being more fully realised, and at the same time they serve to lay the necessary foundations for the harmonious development of the economic, social and cultural activities of the country.

# Labour-Management Co-operation at the Level of the Undertaking in Sweden

K. O. FAXÉN<sup>1</sup> and E. PETTERSSON<sup>2</sup>

DISCUSSION on the subject of broader co-operation between employers and employees—"promotion of democracy at the workplace", as this group of problems is often called, at least in labour circles—has a long history in Sweden. The debate itself has no doubt been inspired largely by related discussion and experience in other countries; but in practice, of course, adjustment to the traditions and institutions which are typical of Swedish industrial life has been necessary.

Some countries have chosen the method of special legislation to establish the employees' right to be informed and to have an influence on certain matters that do not usually come within the scope of collective agreements. In Sweden, too, as far back as the 1920s, a government-appointed committee proposed a Bill to establish joint consultative bodies at the level of the undertaking; but the proposal was rejected by the employers' and workers' representatives on the committee. It was felt by the former that legislation would be an unjustified interference in the employer's right to run his own undertaking; there was also an objection to legislation on principle because it would restrict the freedom of action of both sides of industry.

The trade unions shared the employers' opposition to the principle of a legislative approach. Moreover, they considered that the provisions of the proposed Bill would give employees too little influence to be of real value. Thirdly—and this attitude subsequently assumed considerable importance—it was feared that a special statutory organ for co-operation within the undertaking might develop into a dangerous rival to the existing trade union machinery. It should be borne in mind that industrial relations in Sweden were centred largely on the individual plant. At prac-

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<sup>1</sup> Svenska Arbetsgivareföreningen (S.A.F.), or Swedish Employers' Confederation.

<sup>2</sup> Landsorganisationen i Sverige (L.O.), or Confederation of Swedish Trade Unions.



tically every workplace above a certain size a local trade union was established at an early stage, with its own committee and its own officers. All disagreements that arose between the two parties in the undertaking, and any other questions of interest to them, were supposed to be handled first of all by direct contact between representatives of the works management and representatives of the local union. So at the time when the Bill was proposed neither side was interested in the creation of additional formal machinery.

Although the problem of formalising consultation between the two sides in individual undertakings did not entirely fade into the background, it came no nearer solution until more than 20 years had passed. The parties were then able to agree on the general lines which still govern co-operation at the works level. In 1946 the employers' confederation—Svenska Arbetsgivareföreningen (S.A.F.)—and the national trade union organisation—Landsorganisationen (L.O.)—agreed that a works council consisting of representatives of management and personnel should be set up in each undertaking employing not less than 25 (later 50) wage earners, if either of the parties so wished. This national agreement was to come into effect when endorsed by the employers' and workers' organisations at the industrial level. By a special arrangement between the S.A.F. and the Tjänstemännens Centralorganisationen (T.C.O.), or Central Organisation of Salaried Employees, salaried personnel were also ensured seats on the works councils. For instance in an undertaking with more than 200 wage earners the works council might consist of seven wage earners' representatives, four salaried employees' representatives (including at least one supervisor) and seven management representatives.

Under the 1946 agreement the information to be given to the works councils and the consultation to take place there concerned economic and production questions. Particularly because of the importance of using the employees' experience and insight, the councils were to discuss the techniques, organisation, planning and development of production. The employer was required to give the works council a regular review of production, including a report on any reorganisation or other change (whether already effected or proposed for the future) in operating or working conditions in the plant, and on any new manufactures, processes, methods of production or other technical developments, provided the publication of such information would not damage the firm's interests. The employer was also to give the council regular reports on the business situation and the development of the market in the industrial sector concerned, with special reference to the position of the particular undertaking, as well as on the economic conditions affecting production and on sales prospects.

The machinery chosen by the parties to standardise consultation at the works level was well suited to the traditions of Swedish industrial life. The principle of a "frame agreement" between the two top-level

organisations had already been established by the Saltsjöbaden Basic Agreement of 1936.<sup>1</sup> By reaching such a comprehensive agreement on this subject in 1946, the parties removed a great deal of the justification for government intervention; and the rules that it contained were such as to minimise the risk of conflict between the local trade unions and the works councils. All questions affecting wages or other conditions of work dealt with in collective agreements were expressly excluded from the jurisdiction of the works councils; these were to be organs of information and consultation only; as before, all collective bargaining was to be conducted through trade union channels.

During the 20 years' life of the agreement it was often criticised by both workers' and employers' representatives. A minor revision was carried out in 1958. Much consideration and discussion, both on the trade union and on the employers' side, preceded adoption of the new agreement, which was concluded at the beginning of 1966.

In 1957 the L.O. set up a committee to examine in detail several problems regarding the activity of works councils. The committee made its report, entitled *The trade union movement and industrial democracy*, in 1961.<sup>2</sup> The report shows democratisation of the workplace to be a broad process including action at various levels to increase the employees' influence on situations in the undertaking that affect their conditions of work. Collective bargaining on wages and other terms of employment, consultation on production questions, and the provision by the employer of economic information to the employees—all these are regarded as elements in the process of democratisation. The proper role of the works council in this connection is one of information and consultation; in the view of the trade union movement, it should continue in future to have advisory functions only. On the other hand, certain changes in the existing agreement were proposed with the object of enabling the employees to have greater influence, through the works councils, on various matters in the undertaking that are of interest to them.

The extent to which the principle summarised above has been realised is of some significance, because one of the criticisms levelled at the works councils agreement of 1946—particularly by locally active trade unionists—was precisely that it gave the workers too little power and that the rules ought to be altered so as to confer a real right of co-decision on them. On the other hand, some employers have been suspicious of the agreement for the very reason that they feared it might prove to be the first step in a trade union campaign to secure a direct right of co-decision.

The L.O. committee did not altogether avoid the latter questions. It said that co-decision raised many problems for the trade union move-

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<sup>1</sup> See "Wage negotiations and wage policies in Sweden: I", in *International Labour Review*, Vol. LXXX, No. 4, Oct. 1959, pp. 319-330.

<sup>2</sup> *Fackföreningsrörelsen och företagsdemokratien* (Stockholm, L.O., 1961).

ment also. Any formal right of co-decision could hardly be introduced without a legislative amendment; thus the problem would have to be solved by political action and therefore lay to some extent outside the movement's control. Nor was it clear what consequences an extended right of co-decision might have for the trade unions; the movement must continually remember to preserve its identity as an organisation of employed persons; increased influence brought increased responsibility; at some point the trade union movement might find itself in danger of becoming a part of management. Furthermore, the forms of co-decision practised in some other countries (representation on boards of management, for instance) seemed not to have given such obviously satisfactory results that they could be recommended for general application. On the whole, it could be said that the attitude of the Swedish trade union movement towards the question of co-decision on various matters arising at the level of the undertaking had been non-committal. The only clear pronouncement had been to the effect that if, in the future, formal regulation of the question should be desired, the trade unions had no intention of acting through the works councils.

After publication of the L.O. committee's report the S.A.F. set up a committee of its own (the study group on industrial democracy) to work out a basis for the attitude of employers with regard to these same matters. The working party submitted its main report in February 1965.<sup>1</sup> The approach adopted in this report differs widely from that of the L.O. committee and throws some light on the essential differences in standpoint and methods of work between the two big national organisations. The L.O. committee approached the problem of co-operation mainly from the juridical and formalistic angle—a procedure that may be thought natural if regard is had to the L.O.'s habit of working through formal agreements and to the committee's composition—and it sought to affect the attitude of the persons concerned and the subject-matter of co-operation by modifying the agreement. The S.A.F. working party, on the other hand, attempted—by means of empirical study—to throw more light on the current forms and subject-matter of co-operation and particularly on the role which the works councils were playing in it. In the opinion of the working party, this study showed that the existence of formal machinery for labour-management co-operation at the summit of an undertaking had very little effect on the attitudes and job satisfaction of individual employees. The working party drew the conclusion that the existing agreement could not be considered a suitable instrument if the aim of co-operation was to channel and satisfy the psychological needs of individual workers. However, it viewed the idea of co-operation in a positive light. If it was to be fruitful, a way must be found of fitting it

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<sup>1</sup> *Samarbetet i framtidens företag* (Stockholm, S.A.F., 1965). For a note on this report see *International Labour Review*, Vol. 94, No. 6, Dec. 1966, pp. 602-603.



into the organisational and administrative system of each particular undertaking. Much importance should be attached to the development of committees of the works councils, i.e. organs in which large numbers of employees could take part in co-operation on specific matters touching their individual occupational problems. The form and procedure of these committees should not be settled at the national level, but in local agreements, tailor-made for each particular undertaking.

This was the kind of organisation which the S.A.F. working party thought would be the best means of meeting the increased need for job satisfaction. A modern undertaking should not only produce goods and services which contribute to the satisfaction of the needs of human beings as consumers; it should also directly produce "work satisfaction". Work is of essential importance for the development of the individual personality. Employees expect a management, when it decides how the undertaking shall be organised and how the various posts shall be filled, to weigh psychological against technical factors in such a manner that the conditions for a high degree of job satisfaction are created. In every job the employer should try to mould and blend responsibility, variety, difficulty, human contacts, methods of performance, co-operation in solving problems, etc., in such a way that most workers feel their work to be a positive, stimulating, sometimes perhaps even a pleasurable activity.

In addition to job satisfaction, the working party mentioned higher productivity and "respect for legitimate interests" (*interessebalans*) as equally important objectives of co-operation. By "respect for legitimate interests" it meant a situation in which acute differences between employer and personnel are discussed against a background of generally accepted and fairly precise civic rules and moral standards—notably those governing the relations between the owners of an undertaking and its employees.

Stress was also laid on the need for increased research in this field, and it was proposed that the two sides form a "development council" to guide and promote co-operation at the works level.

When the S.A.F. working party had submitted its final report the L.O. considered that the time had come to ask the employers' confederation for discussions on the revision of the works councils agreement. It made such a request in a letter to the S.A.F. dated 11 March 1965, setting out its suggestions in a list of 20 points. The list called, *inter alia*, for the following changes in the agreement:

- (i) it should be made clear that the works council is a channel for information and an organ for consultation between management and employees, the latter being represented by their trade unions in the undertaking;
- (ii) the council should be authorised to assist the board of the undertaking in an advisory capacity on certain important matters;

- (iii) there should be consultation in the works council on principles and guidelines for the personnel policy of the undertaking, and the employees' side should be enabled to have an influence on promotions and transfers;
- (iv) the management should be required to keep the council currently informed of economic matters (to be exactly defined) including information on future prospects;
- (v) the council should meet more often in order to ensure real consultation; it should meet in working hours; and its proceedings should be decentralised more than in the past by the setting up of committees, etc.

In order to bring about regular, systematic discussion between the two sides in a given industry the L.O. proposed the establishment of permanent joint committees with the function of promoting and guiding co-operation at the works level. Finally, to ensure continuity and stability in the handling of works council matters at the highest level, it proposed that the S.A.F. and the L.O. should set up a special council.

When the negotiations for a new agreement on works councils were initiated in June 1965 the two sides—to judge by the published documents on the subject—had quite dissimilar views on how co-operation at the level of the undertaking should be organised in the future. The L.O.'s primary objective was to strengthen the position of the employees in the undertaking. It wished to expand the terms of the agreement and to formulate them more precisely in order to enhance the status of the councils. It also wished to bring out more strongly the responsibility of the contracting parties to provide inspiration and guidance for local collaboration; this was to be done by establishing special joint machinery at the highest level and at that of the industrial federations.

The employers, on the other hand, stressed the individual and local character of the questions on which co-operation was really required, and hence the importance of having a system adjusted to the organisational and administrative conditions of each particular undertaking. If there was to be a national agreement on the subject in the future, it should lay down only a general framework for co-operation. The working details should be decided on the spot by local agreements. The responsibility of the central organisations regarding co-operation should be discharged by a joint S.A.F.-L.O. development council, which would stimulate local consultation by initiating research and experiment.

However, both sides had independently also recorded a strong interest in continued and intensified consultation at the local level. This common basic approach, and the fact that the two organisations had previously instructed special working parties to go thoroughly into the problems of consultation, enabled the negotiating delegations to agree

fairly soon on a draft for a new works councils agreement between the S.A.F. on the one hand and the L.O. and T.C.O. on the other.

The draft was accepted by the principals—the S.A.F., the L.O. and the T.C.O.—and was signed on 29 April 1966. The “agreement on works councils and works representatives” came into force on 1 January 1967 and, subject to acceptance by the affiliated federations, became a valid collective agreement in each of the branches of activity concerned.

This new works councils agreement may be regarded as a compromise or perhaps rather as a combination of the initial standpoints of the two sides.

The desires of the L.O. are satisfied in that there is still a national agreement on works councils and that the scope of their activity is substantially extended in various respects as compared with the previous situation. On the other hand, provisions have been inserted in the new agreement allowing modifications to be made at the industrial and local levels if conditions in particular cases make this appropriate and the parties so agree. The agreement also states that it shall be the function of works committees to aim at higher productivity and greater job satisfaction. “Respect for legitimate interests”, however, has not been set down as an objective of co-operation in the undertaking.

In another instrument, a special “agreement on the promotion of collaboration between management and employees”, the views of the parties (the S.A.F., the L.O. and the T.C.O.) on the objectives and on the machinery and form of co-operation are set out in some detail. It is stressed that co-operation must be shaped with due regard to conditions in the particular undertaking and the particular case. Efforts should be made to decentralise the procedure of consultation as much as possible so as to achieve a maximum breadth of contact and to facilitate the discussion of real working problems. The individual employee should be given the opportunity, wherever possible, of helping during his daily work to determine the conditions of his own job. As regards the purpose of consultation, it is stated that the two basic objectives—higher productivity and greater job satisfaction—are closely connected, but that each is in itself a desirable end.

The same agreement includes provisions for the establishment of a joint “development council for collaboration questions”. The council is to consist of ten members, five appointed by the S.A.F., three by the L.O. and two by the T.C.O. Its function is to follow developments in the field of co-operation and to work for a constant improvement in its effectiveness within the undertaking. The council should do this, *inter alia*, by promoting the training of persons who are to handle labour-management co-operation at company level, and by making available training and instructional material and giving information and advice on the development of the various forms of co-operation at the works level. The council is also to promote research regarding co-operation.



As already stated, substantial alterations and additions have been made in the procedure laid down for works councils. One of the most serious criticisms formerly levelled at the councils' activities from the workers' side was that consultation often occurred only when the management had already taken the relevant decisions, so that the employees' chances of affecting the solution of the particular problem were practically non-existent. So a paragraph in the new works councils agreement gives an elucidation of this position and states, among other things, that the essence of consultation is that it should precede the management's decision to introduce a change and the subsequent implementation of the decision.

According to the same paragraph, the scope of information and co-operation in the works councils is to include questions of production, economic questions and personnel questions. The economic information must be regular, forward-looking and presented in such a way that members of the council may obtain a proper impression of the financial position and future prospects of the undertaking. Accordingly, the council members should receive from the employer not only the usual annual accounts but also such other material as will throw light on the situation of the undertaking and the results achieved—for instance the information received by shareholders at company meetings.

In a new paragraph it is stated, *inter alia*, that employees have a legitimate interest in knowing about their firm's general personnel policy and in the handling of such personnel questions as affect the group of workers to which they belong. Normally this interest is satisfied mainly by frequent contacts between the management and representatives of the employees' organisations. As regards general guidelines for the firm's personnel policy, however, information must henceforward be given to the works councils and consultation must take place there: such information and consultation must relate, for instance, to the principles and methods of recruitment, the selection and promotion of personnel, the preparation of induction programmes, and principle followed in the transfer or retraining of older or partially disabled workers and for the redeployment of personnel in connection with structural changes. Statistical information must also be given, if possible, on the health of personnel, the labour turnover in the undertaking, its recruitment situation, etc.

Changes have also been made in the rules for the appointment of members of works councils, in order to simplify what was previously a rather complex election procedure. In this connection the new works councils agreement provides only that the workers' members shall be selected by the local trade unions on lines to be determined by them. The leading trade union representative in the undertaking should normally be a member of the council. In this way the employers' acceptance of the trade unions as the representatives of the whole personnel in matters of information and consultation at the works level has been made more explicit.

It is still too early to hazard a forecast as to what practical consequences the new instruments—the works councils agreement and the “agreement on the promotion of collaboration between management and employees”—may have on information and consultation at the workplace. However, it can at least be said that the contracting parties have given evidence of an increased interest in labour-management co-operation and of greater understanding of its significance. More realistic opinions seem also to have developed on both sides as to how consultation should be organised and what it can achieve. Furthermore, it can be said that the views of the two sides regarding the proper subject-matter of co-operation and the problems it raises coincide to a greater extent than used to be the case.

Not least on the trade union side the attitude towards labour-management co-operation has probably become more flexible in recent years. The formalistic approach which was once so dominant seems now to be balanced by a greater interest in the practical, detailed aspects of the question. This tendency appears with particular clarity in a report recently issued by the L.O.<sup>1</sup> on the consequences of technological changes for the workers, in which considerable space is devoted to the problem of adjustment between individual workers and their job environment. Undertakings, it is argued, ought to be bolder in experimenting with new forms of organisation and new systems of consultation in order to increase the workers' chances of finding satisfaction in their work and committing themselves to it. But that objective cannot be reached merely by organisational changes and arrangements for improving conditions outside the immediate work environment. The form and content of the job itself must also receive due attention, and the two sides must be urged to co-operate in an attempt so to remodel jobs that they are better adjusted to the workers' needs and abilities. On the trade union side it is very much hoped that the newly established “development council for collaboration questions” will play an important role in inspiring and guiding the research and development that is required if such an ambitious aim is to be achieved.

From the employers' standpoint also, there is reason to regard the recent debate and the new agreements with interest and approval. It is now generally understood that the democratisation of industrial life cannot mean the development of works councils only, but that these are just one aspect of a complex process. The work done by employers in providing economic information to works councils during the past 20 years has surely contributed to an increase in the general understanding of the conditions in which an undertaking has to operate.

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<sup>1</sup> *Fackföreningsrörelsen och den tekniska utvecklingen* (Stockholm, Bokförlaget Prisma, 1966); an English version, translated and edited by S. D. ANDERMAN, has been published as *Trade unions and technological change* (London, George Allen & Unwin, 1967).

Co-operation in the works councils has also helped to engender the highly understanding spirit in which employees accept measures taken by employers to increase productivity in the undertaking.

If the efforts made by the development council in the coming decades to create decentralised systems of co-operation, suiting each particular undertaking, can contribute as much to a general understanding of the need for greater work satisfaction through better adjustment between the individual and his job, then perhaps that success may to some extent be attributed to the works councils agreement of 1966 and the thorough study carried out by both sides at the preparatory stage.

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## CURRENT INFORMATION

### **Royal Commission on Trade Unions and Employers' Associations in the United Kingdom**

The Royal Commission on Trade Unions and Employers' Associations in the United Kingdom, the establishment of which was announced by the Prime Minister on 2 February 1965, has just completed two years' work. The first Royal Commission to consider the position of trade unions since 1903, it has as its terms of reference:

To consider relations between management and employees and the role of trade unions and employers' associations in promoting the interests of their members and in accelerating the social and economic advance of the nation, with particular reference to the law affecting the activities of these bodies; and to report.

In addition to its Chairman, Lord Donovan, the House of Lords judge, the Commission has 11 members, drawn from a wide range of groups and interests. Among them are Sir George Pollock and Lord Colclison, the British employers' and workers' members respectively on the I.L.O. Governing Body, and Mr. George Woodcock, General Secretary of the Trades Union Congress. They also include Professor Otto Kahn-Freund, Professor of Comparative Law at the University of Oxford, Professor Hugh Clegg, Professor of Industrial Relations at the University of Warwick, and other persons distinguished in the fields of administration, economics, education or law.

While awaiting the submission of evidence which they had invited to help them in their inquiry, members of the Commission went to several industrial establishments to see joint committees in operation; attended certain joint industrial councils as observers; witnessed the final stages of the disputes procedure in the engineering industry; and visited classes held by the Industrial Society for the instruction of shop stewards.

In response to its invitation the Commission has by now received a very large body of written evidence from many sources, and the final number of statements is expected to run into several hundreds. Statements have been submitted by government departments and other official bodies, including the Ministries of Labour and Social Security, the Department of Economic Affairs, the National Board for Prices and Incomes, and departments with a major employing interest; by the Trades Union Congress and many single unions, including the largest; by the Confederation of British Industry and many employers' federations and associations; by nationalised undertakings such as the British Railways Board, the Gas and Electricity Councils, the National Coal Board and the United Kingdom Atomic Energy Authority; by individual companies in industry, commerce and banking; by political, professional and voluntary organisations and groups with a special interest, including the Industrial Society, the Law Society, the Bar Council and the Institute of Personnel Management;

by several individual experts; and by a large number of private persons. Written evidence has also been received from over 20 nationalised and private undertakings with knowledge and experience of productivity bargaining to assist the Commission in its inquiry into restrictive labour practices and methods of securing more efficient use of manpower.

The Commission has arranged for research papers to be prepared for it on several subjects on which it is necessary to supplement the evidence and existing publications. Papers have been published on the role of shop stewards in British industrial relations, disputes procedures in British industry, industrial sociology and industrial relations, and productivity bargaining and restrictive labour practices.<sup>1</sup>

The written evidence of the Ministry of Labour consists of six memoranda. The first and longest contains a factual synopsis of British industrial relations, which covers trade unions, employers' associations, central tripartite discussions, collective bargaining at various levels, joint consultation and personnel management, and which is followed by an appraisal of the achievement of general social and economic progress through collective bargaining, and of industrial peace. The other memoranda deal with the law affecting trade unions and employers' associations, conciliation, arbitration and inquiry (including prices and incomes policy), other functions of the Ministry and international obligations of the United Kingdom.

In its evidence, which appeared in November 1965, the Confederation

of British Industry discusses the organisation and functions of employers' organisations, the working of the industrial relations system, and possible developments in the system and the law relating to it. In this last part the Confederation argues that constructive action can be taken on attitudes of employers and workers through developments in the training of managers, supervisors and shop stewards and in joint consultation and communications; through improvements in the status and security of the workers; and through education on the dependence of all incomes on increased productivity. The structure of employers' organisations, it believes, can be rationalised further, while that of the trade union movement can be strengthened through rationalisation, communications, better staffing and clarification of the roles of officials and shop stewards. Collective bargaining, too, can be improved by joint development of procedures to relate negotiations at the industry and plant levels. Finally, the Confederation urges the enactment of legislation to remove immunity in tort from unions in the case of sympathetic strikes, inter-union disputes and strikes in breach of agreed procedures or without notice, and it advocates the voluntary registration of unions to preserve their immunity in respect of other strikes and consideration of the possibility of introducing direct legal sanctions against the breach of collective agreements.

The T.U.C. evidence, published in November 1966, falls into two parts. The shorter deals with the structure and functions of the T.U.C. itself. The bulk of the report studies the working of British trade unionism and contains sections on trade union principles and methods, the relationship

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<sup>1</sup> These research papers are obtainable from H.M. Stationery Office, London. The study of productivity bargaining in Research Paper 4 is based mainly on the information submitted by over 20 undertakings, which is referred to above.

of unions to society and to employers, and their internal affairs. On the economic role of unions the memorandum states that unions should recognise prices and incomes policy as a challenge not only to limit their wage demands in accordance with agreed criteria but also to review their traditional attitudes to problems of productivity. Progress is to be achieved through strengthening the T.U.C.'s role in influencing the pattern of claims and settlements rather than through government intervention in collective bargaining. The T.U.C. calls for a new idea of how managerial authority should be exercised and holds that management could make day-to-day decisions in the plant acceptable by involving employees more closely in reaching them. Its views on workers' participation in management are, however, that legislation should be discretionary rather than mandatory and that this matter should first be the subject of central tripartite consultation. The employers' proposal that collective agreements be made enforceable at law is firmly opposed on the ground that it might damage "the generally enlightened approach to industrial relations" which the T.U.C. considers to have developed over the years.

In addition to written evidence the Commission began in July 1965 to receive oral evidence from many sources and continued to receive it at regular and frequent sittings.<sup>1</sup> Sometimes the Commission has taken the opportunity of oral hearings to discuss a document of written evidence with its author or authors. It has been unable to ask more than a minority of those who submitted

papers to attend oral hearings, but since the same suggestions are often repeated the Commission can consider them in the examination of only a few representative witnesses.

(Royal Commission on Trade Unions and Employers' Associations: *Written evidence of the Ministry of Labour* (London, H.M. Stationery Office, 1965); Confederation of British Industry: *Evidence to the Royal Commission on Trade Unions and Employers' Associations* (London, 1965); Trades Union Congress: *Trade unionism. The evidence of the Trades Union Congress to the Royal Commission on Trade Unions and Employers' Associations* (London, 1966).)

### **Study on the revision of industrial relations legislation in Ceylon**

The revision of the Industrial Disputes Act, 1950<sup>1</sup>, of Ceylon, which would also involve the development of a new industrial relations policy, is now under study by an Industrial Disputes Commission consisting of three members.

The current legislation, as amended<sup>2</sup>, contains certain provisions concerning collective agreements but deals largely with procedures for settling disputes. Apart from conciliation and voluntary arbitration, the Act provides for compulsory arbitration through arbitrators appointed by the Minister of Labour, Labour Tribunals and Industrial Courts.

Under its terms of reference a main purpose of the Industrial Disputes Commission is to inquire into the procedure and practice relating to conciliation, arbitration and settlement of disputes as well as the administration of Industrial Courts and Labour Tribunals, and to recommend appropriate measures and re-

<sup>1</sup> The minutes of oral evidence may also be obtained from H.M. Stationery Office, London.

<sup>1</sup> I.L.O.: *Legislative Series*, 1950—Cey. 1.

<sup>2</sup> *Ibid.*, 1957—Cey. 1, 1B...1962—Cey. 1.



forms to secure greater efficiency and speed in the settlement of disputes.

The Commission will examine the adequacy of the provisions of the present Industrial Disputes Act. It may recommend suitable amendments or its replacement by an entirely new enactment. In this connection it is directed to give special regard to certain matters including the qualifications of persons to be entrusted with the settlement of disputes, as well as unfair labour practices and remedies therefor.

Finally, its terms of reference invite the Commission to make such recommendations as are necessary as a result of its inquiries in regard to the above matters, or in regard to any other matter connected with them and in respect of which representations are received, particularly with regard to measures that should be adopted to improve employer-employee relations.

The Commission has issued an exhaustive questionnaire to guide interested persons and organisations which desire to make representations to it. The introduction to the questionnaire states that in its preparation the Commissioners had been guided to a considerable extent by questionnaires issued by the I.L.O. to its member countries on similar subjects and had also taken into account the Conventions and Recommendations of the I.L.O. dealing with various aspects of industrial relations.

Among the main items covered by the questionnaire are the following: scope and application of the legislation; right to organise and to bargain collectively; collective agreements; voluntary conciliation and arbitration; compulsory arbitration and its operation; consultation and co-operation (at the level of the undertaking and at the industrial and national

levels); termination of employment and retrenchment; strikes, lockouts and unfair labour practices; labour administration and industrial relations research.

The Chairman and Secretary of the Commission have been visiting a number of countries for the purpose of making first-hand studies of their industrial relations systems and methods of settling disputes. They also visited the I.L.O. headquarters in Geneva.

### **Canadian Government task force to investigate labour relations**

In December 1966 the Prime Minister of Canada, Lester Pearson, announced the creation of a special task force on labour relations, composed of four prominent university professors of law or industrial relations. The Government's decision to launch a study of labour relations at this time appears to have been motivated by the large number of work stoppages that have taken place in Canada since 1965, many of which occurred in industries or sectors of activity that fall within the jurisdiction of the federal Government. Coming after a long period of relative industrial peace, these movements have aroused misgivings concerning the general climate of industrial relations in Canada, the legislative framework within which they function, and the effectiveness of present systems of settlement of disputes. The task force will bring to bear on these problems the objective viewpoint of experts who have carried out research in this area for many years, assisted by high-level officials from the Departments of Manpower, Labour, Finance and Industry. A labour-management consultative committee will be regularly associated with their work.

The task force proposes to undertake a thorough investigation of the background factors—economic and social—influencing the evolution of labour and management thinking in recent decades; the history of trade unionism and industrial unrest; changes in the structure of trade unions and management organisations; the impact of industrial conversions and technological changes; changing methods and procedures of labour-management co-operation in the collective bargaining process; and any other aspects of industrial relations that may appear pertinent. In the words of the chairman, the objective is to “assist the Government of Canada, the direct parties of interest, and the public generally to get a better understanding of the nature of industrial relations in this country, to assess the soundness of current policies in the field and the effectiveness of the instruments of public intervention”.

(H. D. WOODS: “Federal Government task force on labour relations”, in *Relations Industrielles*, revue trimestrielle (*Industrial Relations*, quarterly review) (Les Presses de l’Université Laval Québec), Vol. 22, No. 1, 1967, pp. 130-136.)

### **Specialised education in the U.S.S.R.**

An order (No. 360) was issued by the Minister of Specialised Secondary and Higher Education of the U.S.S.R. on 16 September 1966 to implement a series of decisions by the Council of Ministers and the Central Committee of the Communist Party concerning the training of managerial and supervisory staff, of technicians of all branches, and the further training of those who teach them.

According to this order the various Ministries or Departments responsible for educational establishments

in particular sectors are to draw up lists of occupations in which specialised workers are needed and then to determine whether the establishment of new educational institutions is required in order to meet these needs. The Ministries and Departments will work in close collaboration with the Ministry for Specialised Secondary and Higher Education of the U.S.S.R. In expanding facilities for this level of training they will give priority to full-time courses of study, since these have proved to be the most suitable, both pedagogically and economically. With a view to improving the practical training of the specialists concerned, the undertakings providing such training will be associated on a continuing basis with particular training institutions. With regard to the admission of trainees, preference is to be given to persons who have already worked in the particular occupation in which they now wish to receive specialised training.

As regards the training of managerial and supervisory staff and technicians, the Ministry of Specialised Secondary and Higher Education will prepare draft plans (both annual and long-term), which it will submit to the Planning Commission of the U.S.S.R. Plans concerning the development of training facilities and the admission of students will be the responsibility of the Councils of Ministers of the various republics, which will, however, consult with the Ministry of Specialised Secondary and Higher Education and the Planning Commission of the U.S.S.R. The Commission will plan the subsequent placement of persons graduating from training institutions.

Teachers in secondary specialised education wishing to improve their qualifications will be able to attend four-monthly courses of further train-

ing provided by special faculties that will be set up in the principal institutions for higher specialised education. Similarly, teachers in higher specialised education will be able to take short courses of further training in the universities; they will also undergo practical training in advanced undertakings or in research institutions.

Research is to be given greater emphasis in the institutions for higher specialised education. Thus they may be authorised to accept research contracts from industrial or agricultural undertakings; 25 of them will be selected to carry out research projects of major importance to the national economy and will be provided with the necessary extra staff; special awards will be given to teachers who invent or develop new techniques; and students will have the opportunity to take part in research projects being carried out in the laboratories of undertakings and in agricultural research stations.

(Ministerstvo vysshego i srednego spetsial'nogo obrazovaniia S.S.S.R.: *Biulleten'* (Moscow), No. 12, Dec. 1966, pp. 1-6.)

### Five-day week in the U.S.S.R.

In pursuance of decisions taken by the 23rd Congress of the Party to improve conditions of life and work, stimulate production and productivity and create new facilities for vocational training and cultural activities, the Central Committee of the Communist Party, the Council of Ministers of the U.S.S.R., and the All-Union Central Council of Trade Unions have taken a joint decision to introduce the five-day week, with two weekly rest days, for workers and salaried employees in Soviet undertakings, institutions and organisations. This decision was embodied in a ukase enacted on

14 March 1967 by the Presidium of the Supreme Soviet of the U.S.S.R.

The transition to the five-day week, within the framework of a 41-hour week, is to be effected for the 50th anniversary of the October Revolution. The former system will, however, remain in force for workers and salaried employees to whom, by virtue of the nature of their work or the conditions in which they perform it, the new arrangement cannot readily be applied. Institutions and establishments providing general and vocational education will also not be affected by the new measures.

The Councils of Ministers of the Soviet republics, the trade union councils of the republics, the central co-operative bodies and other public organisations have been requested to draw up concrete plans for the transition to the five-day week, which are to be submitted with the necessary documentation to the Council of Ministers of the Soviet Union for its consideration. These bodies have been given the task of ensuring that the workers concerned participate in implementing the new measures and that the attainment of plans and targets established earlier is not prejudiced.

The introduction of the five-day week is to be accompanied by appropriate measures to ensure transport and supplies for the workers, rational use of their leisure time and the smooth running of the various public services that they will require by virtue of their new conditions of work and rest.

(*Izvestia* (Moscow), 15 Mar. 1967, p. 1.)

### British T.U.C. conference on incomes policy

A special conference of executive committees of organisations affiliated to the British Trades Union Congress was held in London on 2 March 1967.



The conference was called to consider a report on incomes policy presented by the T.U.C. General Council. The report recalled the support given to the Government's policy on productivity, prices and incomes, and stated that, although the General Council believed that the Government's long-term objectives did not differ in their essentials from those of the T.U.C., there was a divergence of view about the measures that should be taken and the time-scale of such measures. The General Council was certain that an incomes policy could not be forced on reluctant trade unionists by legislation, and it regarded incomes policy as pre-eminently a long-term instrument of planning, whereas the Government appeared to regard it as a short-term regulator of incomes.

The report argued that, if trade unionists rejected an approach based on legislation but still accepted the desirability of a planned and progressive incomes policy, the trade union movement itself must accept the consequent obligation to ensure that the actions of trade unionists did not impede the achievement of the objectives of full employment, economic expansion and a more equitable distribution of incomes and wealth.

The General Council therefore proposed to continue to operate its existing system of examining wage claims that affiliated organisations were requested to submit to it. In addition to referring certain claims back to the organisation for reconsideration, it did not rule out the possibility of endorsing a claim; this it had hitherto refrained from doing.

In addition, the General Council proposed to issue an annual report on the economic situation and prospects for the ensuing year, with particular reference to wage developments. This

report would be considered by a conference of the executives of affiliated unions and its authority would derive from their examination and endorsement of its recommendations.

Moving the adoption of the report, Mr. George Woodcock, General Secretary of the T.U.C., stated that, if the trade union movement was to operate its own system of regulating wage claims, the Incomes Policy Committee of the T.U.C. must have the genuine authority of the trade union movement; that was what the conference was really about. He saw in the proposed annual conference of executives a remarkable instrument for the development of trade unionism in several desirable directions: not only in collective bargaining, but also in respect of trade union structure, relations with the Government and the handling of wider economic problems such as planning, trade and growth.

Mr. Woodcock said that he accepted that government involvement in the question of wages was natural, necessary and inevitable. The two questions that arose were: to what extent did the Government interfere; and on what terms did the Government seek the co-operation of the trade union movement? The T.U.C. could not be the agents of the Government, and it was not even in the Government's interest for the T.U.C. to be their agents.

Finally, he stated that he was fully aware of the difficulties of operating a self-imposed wages policy, but this was the price the T.U.C. had to pay to beat the real enemy: unemployment.

During the discussion that followed contrary views were expressed by representatives of the draughtsmen's, supervisory staffs' and postal workers' unions, while spokesmen for other unions, including the General

Secretary of the Transport and General Workers' Union, Mr. Frank Cousins, expressed support for the policy report.

Following a short adjournment a card vote was held and the report was adopted by 7,604,000 votes in favour, 963,000 against.

In May the T.U.C. announced that their Incomes Policy Committee had examined a number of wage claims. Some had been referred back to the unions concerned as being incompatible with the T.U.C.'s incomes policy, some needed modification, and about one-third were approved. In a circular to all unions the T.U.C. stated that wage claims would be supported if they were designed to improve the relative position of workers whose national minimum rate was less than £14, or if the wage increase demanded would help to encourage productivity and efficiency.

(Trades Union Congress: *Incomes policy. Report of a conference of executive committees of affiliated organisations held on 2 March 1967* (London, 1967); *Labour* (T.U.C. information broadsheet) (London), May 1967.)

### **Unification of trade unions in the Democratic Republic of the Congo**

On 9 March 1967 leaders of the three major national trade union centres—the Union of Congolese Workers (U.T.C.), the Confederation of Free Trade Unions of the Congo (C.S.L.C.) and the General Federation of Labour of the Congo (F.G.T.K.)—met in Kinshasa and agreed to create a new organisation to be called the National Council of Trade Unions of the Congo (C.N.S.C.).

In the charter creating the new body the trade union leaders stressed their determination to unify the movement in the Democratic Republic of the Congo and proclaimed their desire

to give strong support to any government, any mass movement, any political party, any organisation of women and young persons whose objectives and programmes recognised the overriding interests of the nation and the working masses.

The signatories pledged that during a transition period of 18 months they would avoid any action or attitude that would adversely affect their unity. At the end of this period a constitutional conference will be held.

The ceremony at which the charter was signed was attended by the President of the Republic, Lieutenant-General Mobutu, ministers, and representatives of the diplomatic corps. The Director-General of the I.L.O. was represented by the Director of the I.L.O. Field Office in Lagos. Mr. André Bo-Boliko, President of the U.T.C., was elected President of the new Council, and Mr. Alphonse Kithima and Mr. Raphaël Bintou, General Secretary and Vice-President respectively.

### **Irish Congress of Trade Unions**

The Ninth Annual Delegate Conference of the Irish Congress of Trade Unions was held in Portrush, County Antrim, from 22 to 26 May 1967 and was attended by delegates from all parts of Northern Ireland and the Republic of Ireland.

The conference was opened by the President, Mr. R. Thompson. In his address he referred to the main issues currently facing the Irish trade union movement: unemployment, economic problems, industrial relations, and trade union organisation. He welcomed the commencement of talks between the Prime Ministers of Northern Ireland and the Republic and expressed the view that the economic future of both parts of the country

lay in closer co-operation. Finally, he asked the delegates to remember that the trade union movement was based on social values, which should never be overlooked on account of the pressing needs of the day. The knowledge that so many in distant countries were in need should temper their satisfaction with the improvements that the trade unions had gained for their own members. The speech was received with acclamation.

The conference approved a report by the Executive Council covering its activities during the past year, and it adopted a number of resolutions. These included demands for more public enterprise for the benefit of economic development; for co-operation between the Governments of Northern Ireland and the Republic in efforts to eliminate unemployment, to concentrate public attention on consumer problems, and to eliminate all barren causes of animosity between sections of the Irish people; and for more effective economic planning, greater industrial efficiency and higher productivity.

In the field of industrial relations, which the Executive Council's report described as probably the most im-

portant matter under consideration during the period covered, the conference supported the continuance of discussions with the Government but opposed the introduction of legislation that would limit the exercise of freedom of association and the right to organise. In a resolution on collective bargaining the conference expressed the view that higher wages and better conditions, associated with efforts to increase productivity, were in the best interests not only of the trade unions but of the community as a whole.

The conference expressed support for the principle of industrial democracy and instructed the Executive Council to examine how it could be put into practice in Ireland. To this end the Council was instructed to study the experience of its operation in other countries, having regard to the characteristics of industrial and commercial life in Ireland.

Other resolutions called for legislation to achieve three weeks' annual leave by 1970, effective government supervision of the building industry, and the ratification of the I.L.O.'s Equal Remuneration Convention, 1951.



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International Labour Conference, 52nd Session, Geneva, 1968. Report V (1): **Labour inspection in agriculture.** Geneva, I.L.O., 1967. 77 pp. \$1; 7s.

After an opening chapter relating in summary form the background and some of the antecedents to the decision of the Governing Body of the Office to place an item entitled "Labour inspection in agriculture" on the agenda of the International Labour Conference, this report describes the law and practice with regard to the above question in a representative number of member States of the I.L.O. under the following headings: scope and object of labour inspection in agriculture; organisation of inspection systems; and means of action available to labour inspectors in agriculture. A questionnaire addressed to governments is included at the end of the report. On receipt of their replies the Office will prepare a second report summarising them and suggesting the main points the Conference may wish to consider.

**Automation and non-manual workers.** Labour and Automation, Bulletin No. 5. Geneva, 1967. iv + 113 pp. \$1.50; 10s.6d.

Among the most important of the economic and social implications of automation are those which concern non-manual workers. Although non-manual workers have been affected by technological progress in the past, automation raises the possibility of much more dramatic changes in their working and employment conditions than hitherto. These changes are made more significant by the striking growth in the proportion of the labour force repre-

senting non-manual workers in most industrialised countries over the past 50 years.

The I.L.O. has long concerned itself with the problems of non-manual workers, including problems arising from technological change. In 1959 the I.L.O. Advisory Committee on Salaried Employees and Professional Workers adopted conclusions concerning effects of mechanisation and automation in offices, in which it noted that the spread of office automation was very limited and found some difficulty in determining what the consequences were likely to be on the social plane. This study, which is based on a review of published surveys and investigations and on information collected from trade unions and employers, has therefore been made with the following objectives: to review the impact of automation upon non-manual workers in the light of further experience since 1959; to examine the ways in which these workers and their organisations have reacted to the new technology as a whole and to specific problems arising from automation, such as redundancy, retraining, relocation, changed working conditions and job content; to review the extent to which the problems referred to by the 1959 session of the Advisory Committee on Salaried Employees and Professional Workers have occurred in practice, and the adequacy of the measures taken to deal with such problems; and to consider the implications of the spread of automation for non-manual workers and their organisations.

In a summary of its findings the study states that although automation and other advanced technology is important for research workers in the whole range

of physical and social sciences and in the humanities, and its implications for a number of occupations in the professions and in shipping and aviation are important, its principal impact on non-manual employment has fallen upon office workers and operators of telephonic and telecommunications equipment. So far, however, it has not had a sufficiently striking impact upon the nature of non-manual work, upon employment and working conditions or upon unions concerned with non-manual workers, to indicate the nature and extent of its future influence. While office automation has produced various problems of employment and conditions of work, for the most part these appear to be merely new aspects of old problems. Automation has rendered their solution more urgent, and has called for flexible thinking along fresh lines, but it has not yet presented strikingly novel problems.

Under present conditions automation of non-manual work seems unlikely to be an important independent influence upon unions concerned with non-manual workers or to play a significant role in the evolution of the labour movement. This prediction may need to be qualified, however, when automation affects the majority of the non-manual labour force and is applied to a wider range of non-manual functions than at present. Such qualifications would be all the more necessary if the rate of technological innovation were to accelerate markedly, or if economic conditions were to deteriorate. These two critical factors, the study concludes, must be taken into account by governments, managements and unions in planning measures to solve the problems which technological change presents for individuals and for the effective utilisation of an economy's human resources.

## BOOK NOTES

**BHAGWATI, Jagdish.** *L'économie des pays sous-développés.* French text by Claude PAGANI. Collection "L'Univers des connaissances". Paris, Hachette, 1966. 250 pp. Index, bibliography.

The author, who is professor of international commerce at Delhi University, attempts here to synthesise for popular consumption the theories concerning the economy of developing countries. After a description of underdevelopment, i.e. the prevalence of poverty and the economic and social structures that are associated with it, he outlines a plan for development designed to achieve a uniform approach, devoting particular attention to the international structure and its influence on the structure of underdevelopment.

This is an excellent popular work written in a clear style, which does not hesitate to give explanations, even though these sometimes smack a little too much of the schoolroom. The text is made more readable by the inclusion of

a large number of photographs and diagrams and by the avoidance of technical terms.

As an attempt at synthesis, this approach to the problem by a man with first-hand experience of the difficulties to which underdevelopment gives rise cannot be other than rewarding. Unfortunately, this experience is limited to a very small number of countries; it is even more to be regretted that the author invokes it in support of arguments that carry little conviction in themselves: the refutation of theses such as the deterioration in the terms of trade of the developing countries during the past 50 years requires more penetrating arguments and a wider basis for analysis than those put forward here.

P. D.

**DELAMOTTE, Yves.** *Le recours ouvrier dans une entreprise américaine. Un aspect de l'action syndicale aux Etats-Unis: la défense des réclamations individuelles.* Collection "Sciences

sociales du travail". Paris, Librairie Armand Colin, 1966. 129 pp.

This book is the outcome of a survey carried out in the United States between September 1961 and May 1962 in an aircraft construction firm on the West Coast employing more than 100,000 workers. The author, Assistant Director of the Research Centre of the Institute of Labour Social Science of the University of Paris, was in the United States at that time as a visiting lecturer at the University of California (Los Angeles).

Chapter I describes the grievance procedure established through collective bargaining. Then come details as to how the procedure works, particularly from the point of view of the frequency and nature of grievances. In Chapter III the analysis becomes more probing with a study of the role of the shop steward—a key factor in the grievance procedure. The author then deals successively with the confrontation between union and management under the grievance procedure and the relationship of this procedure to company-level union-management relations as a whole.

An attempt at evaluation and a penetrating conclusion in which the situation in France as regards the examination of grievances is compared with that in the United States complete the work, to which are appended a few illustrative documents and a brief bibliography.

The author stresses that the American system is characterised by the fact that the union's activities may be divided into two distinct phases: first, negotiation of the terms of the agreement and then, once the agreement is signed, its implementation, for which the union becomes in a way jointly responsible. In France, on the other hand, as the author points out, the unions do not confine their protests to management decisions that appear to be a breach of the terms of the agreement; they recognise no pre-determined limit to their claims, as a result of which individual grievances tend to become merged into a collective claim.

This book will help those unfamiliar

with the American system of industrial relations to gain a vivid and accurate idea of it through one of its essential mechanisms: the procedure for the examination of workers' grievances.

P. de L.

EBERT, Kurt Hanns. *Genossenschaftsrecht auf internationaler Ebene*. Band 1: *Rechtsvergleichende Analyse des Genossenschaftsrechts*. Band 2: *Die Genossenschaften im internationalen Rechtsraum — Strukturen und Modelle von heute und morgen*. Marburg/Lahn, Institut für Genossenschaftswesen an der Philipps-Universität Marburg/Lahn, 1966. Vol. 1: viii+293 pp.; Vol. 2: xvi+713 pp. Bibliography. 87 marks.

Ever since national and international organisations started technical assistance programmes for the development of co-operatives in various regions of the world it has become increasingly clear that one of the main obstacles to the establishment and sound running of co-operatives is the inadequacy and sometimes complete lack of legislation defining their role and functions and giving them the necessary legal status. The need for specific co-operative legislation applicable to all types of co-operative enterprises has been stressed at various international meetings and was referred to in a Recommendation on the role of co-operatives in the economic and social development of developing countries, adopted by the International Labour Conference at its 50th Session in June 1966.

One of the difficulties encountered in the field of co-operative legislation is the fact that the many examples of co-operative laws in Anglo-Saxon and continental European countries reveal striking differences of concept and approach. Thorough studies have been written on questions of co-operative legislation in a number of countries, but only a few books have made adequate comparative analyses on an international scale.

It is therefore interesting to read a new publication in this field, which is remarkable for both its wealth of detail and its concise conclusions.



The study comprises two volumes. The first contains a comparative analysis of co-operative laws in various regions with different legislative concepts. It is a particular feature of this study that the author not only undertakes a functional examination of all the constituent elements of co-operative laws, but also formulates conclusions proposing a model containing the universally acceptable and desirable structural elements on which the legal organisation of co-operatives could be based.

In the second volume the author develops a theory of legislation covering "international" co-operative associations, the activities of which run beyond political boundaries. The possibility is envisaged, for instance, of agreements or conventions between interested countries, or even of supranational legislation. The latter is of particular interest in connection with efforts to harmonise national legislation under the guidance of supranational bodies set up within the framework of economic and social unions such as the European Economic Community.

The author has not only analysed the relevant legislation of countries where co-operatives are a "classic" type of enterprise and where laws deal with the traditional aspects of co-operative activities; he has also included in his study an analysis of co-operative legislation in countries where co-operatives have a particular role to play within a planned economy, and of relevant legislation in developing countries. A full bibliography on co-operative legislation and related legal subjects completes this study.

H. W.

HAGMANN, Hermann-Michel. *Les travailleurs étrangers, chance et tourment de la Suisse. Problème économique, social, politique, phénomène sociologique*. Preface by Alfred SAUVY. Lausanne, Payot, 1966. 174 pp. Bibliography.

This book is a clear and penetrating review of the advantages and drawbacks of the large-scale employment of foreign labour, the means of official intervention

already available or needing to be established and the implications of the policies which will be followed.

The author analyses the past and the present from every angle and makes a detailed and extremely accurate diagnosis. He describes the incoherence of a policy that is both too rigid and too biased, and the dangers of using methods of interpretation borrowed from the past. He also shows the form which intervention by the public authorities should take and stresses the magnitude of the task which still remains to be accomplished.

The book is divided into three parts. In Part I the author analyses the historical and geographical causes, socio-demographic ones, and those due to economic developments and expansion, which were at the root of foreign immigration into Switzerland from 1888 to 1914; he also describes opinions, attitudes and policy. In Part II he deals with the period 1945-65 under the same three groups of causes. Part III begins with an analysis of future trends in the causes of foreign immigration into Switzerland, grouped according to employment prospects. The author then considers the form foreign manpower policy should take, with due regard to all the country's economic and social needs, and he concludes with proposals as to the direction in which solutions should be sought, namely within the framework of a general expansionist policy.

A penetrating analysis of the problem of foreign immigration in Switzerland, this book will be of great interest to economic, trade union and political circles concerned with the problems arising out of the migration of workers.

V. M.

NEULOH, Otto. *Die weisse Automation. Die Zukunft der Angestelltenschaft*. Cologne, Grote, 1966. xxiii+212 pp. Index, bibliography.

This work is the first of a series undertaken by the Institute of Empirical Sociology at Saarbrücken. It is devoted to the social problems arising out of the

automation of office work and attempts especially to discover the impact of this development on the social situation and future of salaried employees.

In the first part of his study the author presents a striking picture of the role of the salaried employee in the past. He establishes the place he has occupied in the traditional social structure and shows how he has been represented in fiction and socio-economic and political literature. After analysing the various theories on the origins of salaried employees as a group (*Angestelltenschaft*), he draws the conclusion that their history as a social group is a very limited one by virtue of the fact that they are a product of a late stage of industrialisation.

The second part of the book is a sociological study. In a detailed examination of the various characteristics of the group of salaried employees the author rules out the possibility of defining it in terms of social status, stratum or class. Starting from the variety of their promotion prospects, level of education, political sentiments, attitude towards management, etc., he proposes the following definition: "A large group in industrial society, with its own horizontal and vertical structure, the origins of which are bound up with the evolution towards large offices and increasing mechanisation. As a group in the industrial social system, they have their own sense of purpose and hierarchy of values, which are subject to change in the process of industrialisation."

The last part of the book begins with a description of the various forms of automation, with particular reference to office work. The author considers that the application of modern techniques has brought about fundamental changes in the nature of the work and the qualifications and occupational structure of office workers, a theory which he supports with a number of convincing facts. On the basis of abundant documentation he stresses the positive attitude of salaried employees and their trade unions to automation and arrives at the conclusion that the society of tomorrow will be a society of salaried employees.

T. B.

OLUWASANMI, H. A. *Agriculture and Nigerian economic development*. Ibadan, Oxford University Press, 1966. vi+240 pp. Bibliography, index. 45s.

This book on Nigerian agriculture is concerned mainly with the economic and social factors involved in the process of development. Its primary objective is to contribute to an understanding of the proper role of agriculture in a developing economy.

After briefly discussing the role of agriculture in the larger setting of the national economy, the author proceeds to an analysis of the basic problem of adapting farm organisation and land tenure to new, modern techniques of farming. He mentions in this connection the complex nature of tenure systems prevailing in Nigeria, with elements of communal as well as individual tenure. For all practical purposes, the greater proportion of land in Nigeria is owned by small groups constituting what are known as "land-owning communities". This does not necessarily restrict the freedom of the cultivator to develop the land in his own way and to enjoy the fruits of his efforts. The social customs governing land tenure are in general flexible and resilient, so that many individual cultivators have been able to introduce new crops and even make improvements on the land. At the same time, the process of land commercialisation has been going on steadily for over 70 years, leading in some areas to the growth of a class of capitalist landowners. However, most of the land continues to be held under communal or traditional tenure. While ensuring social stability, this system has certain definite disadvantages arising from the absence of clear title to land: soil deterioration, excessive subdivision and fragmentation of holdings (as the number of cultivators in a community increases), the problem of organising credit facilities to make possible the introduction of new farming techniques, etc.

In the final analysis the author concludes that improvements in the techniques of agricultural production in Nigeria will not come about without



radical changes in the existing socio-economic organisation. If yields are to be increased, what is needed is a more efficient system of crop rotation, the introduction of soil-conserving and soil-building crops, the widespread use of farm manure and fertilisers, improved tools, and the diffusion of information on efficient techniques of production. However, this will only be possible if fundamental changes are effected in the institutional framework, so as to facilitate investment in agriculture.

Of particular interest to the I.L.O. is the discussion on the advantages of plantations over smallholdings in the production of crops for export. The need to integrate cultivation and processing under modern factory conditions has led to the creation by public bodies of rubber, oil-palm, cocoa, coconut and cashew plantations; at the same time the Government has experimented in farm settlement schemes combining the advantages of peasant farming with those of large-scale enterprises. Co-operative settlement schemes have also been started, although these give rise to numerous managerial problems. In the opinion of the author, the various forms of farm organisation, i.e. peasant family farms, co-operative farming schemes, and plantations, are complementary rather than competitive and should be allowed to exist side by side for the sake of opening up new avenues of agricultural development.

Z. M. A.

SCHORR, Alvin L. **Poor kids: a report on children in poverty.** New York, London, Basic Books, 1966. 205 pp. Bibliography, index. \$5.95; 40s.

A discussion of the problems of poor children in American society today, and data relating thereto. The first part of the book deals with children and families and the second with income maintenance programmes. It is estimated that in 1963 more than one-fourth of the children in the United States were "poor", i.e. living in families in which total income was less than three times the cost of basic nutritional requirements for a family of specified size and ages. One-third of the poor children live in

families headed by a man who has regular employment, one-third in homes headed by a man who does not, another third in homes headed by a woman. Large families, broken families, and poor earning ability are closely related to the production of poverty-vulnerable families; natural economic processes will not solve their problems. After stating the problem of child poverty the author turns to the family income cycle and the needs and possibilities of outside influence at the various steps of family income development, and to income and the birth rate. He then discusses the need for income maintenance programmes, "vital to opportunity programmes" designed to improve a person's ability to make his own way in the world, since opportunity programmes require adequate income maintenance and children have a right to such maintenance at all times and, he believes, to a categorical programme of their own.

Existing social insurance and public assistance programmes are inadequate; public services can help meet some of the needs of children but income maintenance must meet the rest. After discussion of the pros and cons of three kinds of possible income maintenance programmes for children (fatherless child insurance, negative income tax and family allowances), the author notes that not one of them alone is pre-eminently suitable. Using the criterion of whether a particular income maintenance programme best fills the most urgent need, he maps out, amongst the possibilities of family allowance, a programme for pre-school allowances for all children under 6 years of age, combined with an expansion, under other programmes, of assistance and services to school-age children. This type of programme, in his view, helps to meet an urgent need at one critical period in the family-income cycle—the first years after marriage and child-bearing—while the need at the second critical period, coming when the family contains teen-agers, can best be met by assistance and services enabling them to develop their own resources to the full and so influence their own family income cycle.

E. J.



TOURAINE, Alain. **La conscience ouvrière.** Paris, Editions du Seuil, 1966. 397 pp.

Starting from the hypothesis that work allows the worker a certain initiative and the possibility of choosing between various forms of behaviour, the author analyses workers' attitudes from three different standpoints: that of satisfaction, which is "the expression of a system of relationships between expectations and experience, between needs and the reduction of the tensions created by these needs"; adaptation, which must be described as "the expression of the relationship between his expectation of his role and the role itself, between cultural aims and institutional means"; and liberty, the conscious aim of the workers, which can only be defined "within a system of action of which the principle is the dialectic between man and his works".

The main aim of this book is to study the changes in the workers' consciousness (of which class consciousness is but one facet) bound up with technical

change, which is characterised by a growing systematisation of work organisation and which will culminate in a technical system increasingly independent of any creative action by man. In this way the workers' consciousness turns away from executory tasks and towards higher-level, "political", problems; originally centred upon the job, it has led to the democratisation of the undertaking and now manifests itself more and more at the level of economic power, either accepting it or contesting it. It is from this standpoint that the author analyses social representation and trade union action.

The arguments he puts forward are based on the results of an inquiry carried out in 1955-56 on a sample of 2,029 metropolitan French male workers employed in several industries, in undertakings with at least ten employees located in towns of at least 5,000 inhabitants. An appendix describing the methods of inquiry and a copy of the relevant questionnaire shed some light on the investigation.

H. S.

## BOOKS RECEIVED

### General

SELIGMAN, Ben B. **Most notorious victory. Man in an age of automation.** Foreword by Robert L. HEILBRONER. New York, The Free Press; London, Collier-Macmillan Limited, 1966. xviii+441 pp. Index. \$7.95; 63s.

Professor Ben B. Seligman, formerly research director for the Retail Clerks International Association and now director of the Labour Relations and Research Centre at the University of Massachusetts, looks critically at automation. He describes the technology of automation, the problems arising for workers or society as a result of the technology, the various policies and rationales developed to meet and explain these problems, and the future effects of automation.

Professor Seligman uses not only economic analysis: he also studies the issue from the standpoint of the sociologist, psychologist, philosopher and historian. He concludes that automation is destroying the individual and his relationship to meaningful work (when automation has not taken away his job) as well as to society.

### Economic and social development

ALBERTINI, J.-M. **Les mécanismes du sous-développement.** Initiation économique, No. 7. Paris, Editions Economie et Humanisme, les Editions ouvrières, 1967. 343 pp. Bibliography, index. 21.30 FF.

Having already published an introduction to the economy of a developed

country, *Les rouages de l'économie nationale*, Mr. Albertini now presents in the same collection an introduction to the study of underdevelopment. In the first three parts of the book he explains with his usual clarity the condition of underdevelopment by describing the "dislocation" and "domination" of the underdeveloped economies. In the following parts he shows that development will not occur spontaneously and that it can arise only through conscious and concerted action to control economic and social trends. The most important thing is for the developing countries to take their own development in hand, though the aid given through international co-operation is not to be neglected. In addition to the many tables, diagrams and insets throughout the text, there are detailed indexes and an analytical bibliography (confined to works published in French). The author's approach, which reflects that of Father Lebreton and "Economie et Humanisme", also makes it—and this is the main purpose of the author—a tool for those holding responsible positions in the developing countries and for agents of international co-operation.

PETRAKOV, N. Ya. *Nekotorye aspekty diskussii ob ekonomicheskikh metodakh khozyaistvovaniia*. Moscow, Izdatelstvo Ekonomika, 1966. 126 pp. 0.30 rouble.

A theoretical study of some current problems of the Soviet economy, illustrated by statistics and concrete examples. The author is the chief of a branch of the Institute of Mathematical Economics in the Academy of Science of the U.S.S.R.

He traces the history of the discussions on economic management and planning which have been going on in the U.S.S.R. since 1956 and refers to the previous books in the series, of which this study is the seventeenth. The role of prices and profits under the socialist system of management is examined and, in particular, the effect of price determination on the quality of products.

UNIVERSITÉ DE GAND, SÉMINAIRE D'ÉCONOMIE APPLIQUÉE. *L'aide au développe-*

*ment. Une étude du point de vue des pays dont l'aide est sollicitée. Rapports. Huitième Congrès flamand des sciences économiques, Gand, 19 et 20 mai 1967. Two volumes. Ghent, 1967. xxii+831 pp. (the two volumes).*

A collection of the papers submitted to a conference held in Ghent in May 1967 on the topic of development aid from the point of view of donor countries. The three main groups of papers deal respectively with the economic aspects of development aid (economics of aid, international trade and economic development, planning and co-ordination of aid, contributions from the private sector, financial aid from the public sector, intellectual aid), with organisations providing multilateral aid and with bilateral aid. A volume containing a record of the conference proceedings and an English-language edition of the whole are in preparation.

#### **Labour relations**

BAKKE, E. Wight. *Mutual survival. The goal of unions and management*. Second edition. Hamden, Connecticut, Archon Books, 1966. ix+116 pp. \$3.

This new edition of a book by the Sterling Professor of Economics and Industrial Administration at Yale University, first published in 1946, contains two parts, of which the second is new. The first part, which is based on a series of interviews with leading representatives of both sides of industry, discusses the problem of the conflicting "desire for sovereignty" of management and unions respectively in the United States, a problem which the author believes to be as alive today as it was 20 years ago. It examines the main factors which determine human behaviour in the union-management relationship. In the second part the author explains his concept of this relationship as "antagonistic co-operation". He concludes that if it "cannot always be described as 'peaceful coexistence' it is at least a 'working coexistence' which probably serves the interests both of the parties and the

public better than the alternative relationships of outright class warfare or submission of workers to unilateral management decisions ”.

GERSHANOV, E. M., and NIKITINSKII, V. I. *Osnovnye voprosy sovetskogo trudovogo zakonodatelstva*. Edited by N. G. ALEKSANDROV. Moscow, Profizdat, 1966. 238 pp. 0.76 rouble.

A handbook on Soviet labour legislation designed primarily for participants in trade union courses and seminars. After describing the essential features and elements of the contract of employment the authors present (with numerous examples) the main legislative provisions concerning hours of work, statutory wage regulation and the settlement of labour disputes.

### Manpower; training

CRAWFORD, Fred L. *Career planning for the blind*. A manual for students and teachers. New York, Farrar, Strauss and Giroux, 1966. xviii+189 pp. Bibliography.

This textbook presents the basic methods and principles of assisting the blind in establishing an individual career plan. The main subjects discussed are: the position and trends of the employment market, methods and techniques for selecting a job, the effects of blindness in planning for employment, community resources, sources of occupational information, measurement and evaluation, laws and customs governing employment in the United States, and planning for retirement. An appendix provides a workbook giving the lesson assignments for each chapter of the textbook. This manual is suitable for the classroom or the tutorial, or it may be used by a rehabilitation centre in an informal training programme. Braille and talking-book editions are also available.

DAVISON, R. B. *Black British. Immigrants to England*. Published for the Institute of Race Relations, London. London, New York, Toronto, Oxford University Press, 1966. xv+170 pp. Index. 35s.

This book analyses general statistics on Commonwealth immigrants in the London area, taken from the 1961 census, and adds information from a random sample of prospective immigrants selected in Jamaica, who were followed up on arrival in Britain, interviewed, and invited to complete a detailed questionnaire. The material on conditions of life and work thus obtained is presented mostly on a comparative basis, with statistics on family structure, housing and employment for the English population contrasted with those for the Polish, Indian, Pakistani, Irish, Cypriot, Jamaican and other Caribbean groups respectively. Chapters on the active process of integration and on selected case studies of specific Jamaican immigrants conclude the work.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT. *Redundancy practices in four industries*. By A. D. SMITH. Paris, 1966. 129 pp. 21s.; \$3.50; 11.60 marks; 14 FF; 14 Swiss francs.

The third in an O.E.C.D. series on industrial relations aspects of manpower policy, this study deals with personnel practices and industrial relations methods which help employees to adjust to changes in the enterprise. It examines separately the redundancy practices in the railway, steel, cotton textiles and telecommunications industries in the United Kingdom and the United States and discusses natural attrition of the work force, internal transfers to new jobs, retraining and ways of helping dismissed workers. It seeks to show how practices differ among the industries selected, to what extent the differences observed can be explained by differences in the economic or technological features of each industry and how far it is rational or appropriate that practices should vary as they do.

SEMENOV, V. S. *Sfera obsluzhivania i ee rabotniki*. Moscow, Izdatelstvo Politicheskoy Literatury, 1966. 167 pp. 0.25 rouble.

This book investigates an important sector of the Soviet economy: services.



The author describes the main features of the sector—which includes trade, public catering, cultural establishments (cinemas, theatres, clubs, libraries, etc.), housing and communal services, passenger transport, communications and public utilities—and its role in a planned economy. He analyses the structure of employment in services and shows that the rational utilisation of labour is just as important here as in the sphere of material production. In this connection he recommends ways of developing mechanisation. The study is backed by statistical data.

SHARP, I. G. and TATZ, C. M. (edited by).

**Aborigines in the economy. Employment, wages and training.** Brisbane, Marrickville, Melbourne, Jacaranda Press (in association with Centre for Research into Aboriginal Affairs, Monash University), 1966. xviii+382 pp. Index. \$4.65.

A collection of papers delivered at a seminar promoted by the Centre for Research into Aboriginal Affairs, at Monash University, the basic theme of which was the necessity and possible methods for a satisfactory "normalisation" of aboriginal labour in the context of Australia's work force. Of particular interest are the descriptions of attempts recently made at ameliorating the situation in a paper entitled "Report on an experiment using Central Australian aborigines as seasonal workers in New South Wales, January-April 1966"; in discussions of the 1966 arbitration award, which accepted that the minimum wage rates established in the Northern Territory cattle industry should apply equally to aboriginal workers (setting the trend, it is hoped, for other industries in other areas); and in the measures, such as the Aboriginal Land Trust Act, taken for the advancement of the aboriginal minority population in South Australia.

## AUTOMATION ABSTRACTS

As part of a clearing-house programme in the field of automation, the I.L.O. has prepared the following abstracts of books, articles, speeches, etc., dealing with the social and economic aspects of automation and advanced technology. This is the fourth group of abstracts to be published in this programme.<sup>1</sup>

The abstracts in this report represent a selection from items received by the I.L.O. in the period July-December 1966. In so far as possible, the items are restricted to those which provide new information or original analysis in this field, with due regard for a broad coverage of countries and sources. The abstracts are designed to provide sufficient information to enable the user to decide whether the original version is worth consulting.

Emphasis has been placed on items dealing with the social and economic aspects of automation. Reports on business organisation, technological developments, new applications, etc., have generally been excluded except when relevant for assessing the progress and application of automation in relation to its economic and social impact. Furthermore, items dealing with related questions such as manpower policy, vocational training and educational planning have been included only when they are based directly upon automation or advanced technology as the stimulating force.

Further abstracts will be issued periodically. In addition, a more complete international bibliographic listing of items dealing with social and economic aspects of automation is available (AUT/DOC/2 (Revised)).

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION. **Automation: L.I.C.'s case X-rayed.** Calcutta, 1966. 47 pp.

This pamphlet argues against the introduction of electronic data-processing into industries such as insurance in economically less developed countries in general and in the Indian Life Insurance Corporation (L.I.C.) in particular. The authors express concern with the situation in this company and also with the more general problem of the possible effects of introducing labour-saving devices in countries where the level of unemployment is high. They quote American and European reports to show the labour-saving effects of office automation. While noting that these studies show that office automation has job-creating as well as job-eliminating effects in economically advanced countries, the pamphlet argues that the latter effects are likely to predominate in the less advanced countries. The authors also maintain that office auto-

mation is not the best method to achieve the increased efficiency which they approve as a legitimate target for the Indian insurance industry.

CANNON, L. "The trade union attitude to technological change", in BRITISH PRODUCTIVITY COUNCIL: **Automation and its implications.** London, 1965. Pp. 34-40.

In this paper the General President of the British Electrical Trades Union notes that, by and large, technical change in Britain has not been excessively rapid. Secondly, he points out that trade union attitudes to absorbing the consequences of such change are generally explicable historically in terms of industrial relations and that there is a difference between the attitudes of various unions.

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<sup>1</sup> The first three groups appeared in Vol. 93, No. 2, Feb. 1966, pp. 196-210, Vol. 94, No. 2, Aug. 1966, pp. 205-220, and Vol. 95, Nos. 1-2, Jan.-Feb. 1967, pp. 132-143.

Willingness to accept technical changes and increased labour productivity, Mr. Cannon argues, must be based on suitable incentives for employees as well as management. He suggests ways in which policies for imparting new skills might be made acceptable.

CHENTSOV, I. (ed.). *Ekonomicheskie vo-prosy tekhnicheskogo progressa v promyshlennosti chernozemnogo tsentra* [Economic problems in the industry of the central region of the European part of the Soviet Union]. Voronezh, Isdatelstvo Voronezhskogo Universiteta, 1965. 210 pp.

This is a collection of 11 articles written by scientific workers of the Voronezh State University, some of which deal with the introduction of new technology. Analysing the production process in assembly shops in some of the largest heavy engineering works, A. Jakubovich shows the impact of advanced technology on organisation and methods of work. A. Mironova and B. Miakinin examine in their article the increasingly important role played by highly skilled workers and by the emergence of highly qualified workers with a secondary or university education. They present statistics to show the connection between the degree of mechanisation and the proportion of such workers.

CONFEDERATION OF SWEDISH TRADE UNIONS. *Trade unions and technological change*. Translated from the Swedish and edited by S. D. ANDERMAN. London, George Allen & Unwin, 1967. 258 pp. Tables, diagrams. 45s.

This report by the research department of the Swedish confederation of trade unions (prepared in collaboration with several academic social scientists) focuses on the conflict between the efficiency of modern industry and the individual's need for satisfaction from his work. Automation and technical change are described and defined within the context of Western European conditions, with particular reference to the way in which these differ from those of North America. The authors insist that certain social problems should be care-

fully considered, whether or not they are solely "caused by automation". In a clear statement of the values and premisses underlying the study the idea that material gain is the only motivating force for human activity is rejected and stress is placed on the individual's need for exercising his talents and personal potentialities.

The report deals with the major features of technical change in Sweden, with ways in which change is introduced and with its repercussions on employment and occupations. Problems of individual adjustment are considered at various levels. Specific problems are discussed, e.g. hours of work and their disposition, systems of remuneration, income security, distribution of income, and co-operation between management and labour. In addition to specific recommendations the report singles out problems on which further research is desirable.

CRISPO, J. H. G. (ed.). *Industrial relations: challenges and responses*. Toronto, University of Toronto Press, 1966. xi+156 pp. \$6.50.

This volume consists of eight papers prepared for the Founding Conference of the Centre of Industrial Relations of the University of Toronto. Broad questions of industrial relations in the next decade are discussed, including references to manpower, poverty and union-management relations.

In the first part the Director-General of the I.L.O. provides an international perspective and calls for more studied and planned responses to redress the balance of technical progress and social adaptation. The second part deals with collective bargaining institutions and practices in an age of change and includes a paper by Professor James R. Bright of Harvard, which specifically reviews the effect of automation in selected manufacturing processes on such variables as skill and wage differentials. He notes that the more advanced the technology, the more human contributions in the production processes are downgraded, and he examines the implication of this trend for wage determination. A review



of some recent collective bargaining innovations leads him to predict the emergence of a "salaried industrial society". Professor Frederick Harbison and Arnold R. Weber assess the recent record of collective bargaining in the United States on the basis of a series of specified criteria. Professor Harry W. Arthurs explores the role of law in coping with change, but not exclusively technical change. He points to the need for "a sort of industrial parliament" to deal with difficulties of the "cultural lag between legal and social values". The third and final part of the book deals with problems "on the frontier of industrial relations": the need for new institutional responses to meet the requirements of the individual in an organisational society and problems of poverty in the affluent societies of Canada and the United States.

DOFNY, J., DURAND, C., REYNAUD, J.-D., and TOURAINE, A. *Les ouvriers et le progrès technique. Etude de cas: un nouveau laminoir*. Paris, Librairie Armand Colin, 1966. 274 pp.

This study, carried out between 1954 and 1957 in the framework of an international research project organised by the former European Productivity Agency and continued under the auspices of the O.E.C.D., analyses worker attitudes to technical change in a large steel rolling mill in Eastern France. A first inquiry in 1954, before the modernisation of the plant took place, studied workers' expectations of the effects of proposed technical innovations on such matters as the organisation of work and working relations, recruitment and training, conditions of work, skills and status, wages, working hours and schedules, and future possibilities of advancement. A second inquiry two years later made it possible to compare these expectations with actual experience after the change. This analysis of attitudes is accompanied by a detailed description of the changes which occurred in techniques and job content. The conclusions, written by Alain Touraine in 1965, stress the value of such research in depth carried out while technological changes

are being introduced, and suggest how labour-management relations in the plant may evolve, in the French context, as a result of such developments.

FINE, S. A. *The nature of automated jobs and their educational and training requirements*. Report prepared for the U.S. Department of Labor, Office of Manpower Automation and Training. McLean (Virginia), Human Sciences Research, Inc., 1964. xiv+108+App.

This study is based on direct observation in three United States firms manufacturing electron tubes, computers and steel. It seeks (i) to define automation in terms of "functional job analysis", (ii) to translate job functions into educational and training requirements, (iii) to determine the extent to which various types of automation have changed jobs and the training needed to perform them, and (iv) to consider the implications of these changes for vocational guidance, selection and training. In addition the study attempts to determine the usefulness of the methods of research used, i.e. questionnaires, interviews and direct observation.

GOULD, J. M. *The technical élite*. New York, Augustus M. Kelly, 1966. 178 pp. Statistical tables and charts, index. \$5.

The author traces the emergence and growth of the technical labour force and the technical élite in the United States on the basis of detailed employment, income and productivity statistics. He examines the influence these groups have on the growth and acceleration of technical change and on its general acceptance. After reviewing the effect of computers on occupations, including entirely new occupations, and specialisation, the author examines the relationship of the technical élite to the managers of modern industry.

GUILBERT, M. *Les fonctions des femmes dans l'industrie* [The functions of women in industry]. Paris, Mouton, 1966. x+393 pp. 39 FF.

In the conclusions to this volume on women's work in the metalworking

industry the author discusses differences in the effects automation may have on masculine and feminine "roles in industry". She observes two trends. The first is noticeable in certain semi-automatic conveyor-belt processes where women's work is used to fill gaps due to the fact that these processes are not entirely automatic and continue to demand certain manual operations. She notes that these are almost entirely repetitive tasks, broken down into a few quick and precise adjustments or similar hand operations. She observes that these tasks are of a kind women have long performed in industry. Furthermore, she cites examples showing that, owing to increasing mechanisation and semi-automation, the number of such tasks performed by a single operator is increasing, while the number of women doing such work is decreasing.

The second trend noted concerns the replacement of women by men in certain semi-automatic metalworking processes where machines are not fed by hand. The reason given by employers for this replacement was that these operations require a higher degree of skill and responsibility. The trend is masked because there are no outright dismissals: rather, the change from female to male labour is effected in the course of normal labour turnover.

The author observes that in those occupations in the metalworking industries where women predominate, automation tends to be introduced at a less rapid rate, while in others, where their presence retards the introduction of desired technical change, they tend to be eliminated. This could mean, she believes, that, in the short run, in occupations where a large proportion of women are employed, technological change may be retarded. Long-range trends in women's employment, the author shows, are more difficult to predict because sociological factors governing women's employment in all industries need to be taken into account to a greater extent than they have been in the past.

HAASE, P. E. "Technological changes and manpower forecasts", in *Indus-*

*trial Relations* (Berkeley, California), 5 (3), May 1966, pp. 59-71. Tables.

After defining "technological change" the author focuses on three points: ways in which it affects the manpower requirements of an industry; methods for forecasting its employment impact five to ten years ahead; and types of information available in regard to this impact. He deals with these topics mainly in the light of the results of an experimental and demonstration project undertaken in 1965. His analysis shows that changing techniques affect the structure of employment more than the over-all level of employment in an industry.

HELFGOTT, R. B. "E.D.P. and the office work force", in *Industrial and Labor Relations Review* (Ithaca, New York), 19 (4), July 1966, pp. 506-516.

Against a background of United States clerical employment statistics the author, an economist formerly on the staff of Industrial Relations Counselors, Inc., examines the effects of the introduction of electronic data-processing on such matters as employment, displacement, job structure and job qualifications. He does so mainly in the light of seven studies in banks, insurance companies and manufacturing concerns in the United States carried out during the period 1960-65.

Mr. Helfgott observes that the effects of rationalisation and centralisation on office employment are not easily separated from those of the introduction of E.D.P. He reports that "productivity" in each of the firms studied increased more than office employment. The studies show also that the proportion of routine clerical jobs declined whereas that of supervisory, technical and managerial office employment increased. At the same time a slight trend is evident towards replacing women by men.

HILL, W. A. "The impact of E.D.P. systems on office employees: some empirical conclusions", in *Academy of Management Journal* (Bloomington, Indiana), 9 (1), Mar. 1966, pp. 9-19. Tables.



The author of this article, assistant professor of management at the University of Syracuse, New York, examines the displacement of office employees resulting from the introduction of electronic data-processing systems and the nature and magnitude of the individual adjustments required. He derives his conclusions from (a) an investigation carried out in the customer accounting department of a gas and electricity utility in "a large eastern state" of the United States, and (b) data published in 1960 by the United States Bureau of Labour Statistics (*Adjustments to the introduction of office automation*).

The author's own research is based on personnel records and job descriptions in the department concerned before, during and after the introduction of computers, and on annual reports of the organisation. He obtained additional information from "intensive personal interviews". His conclusions confirm those arrived at by the investigation of the Bureau of Labour Statistics.

This investigation of a department employing about 250 persons showed that "E.D.P. reduces office employment in the department in which it is installed", but that displacement depends "upon such factors as: the growth of the firm's business, the nature of the firm's work force and the willingness of management and labour to co-operate in planning the system's implementation." Mr. Hill observes that "the installation of an E.D.P. system in an office will result in a larger ratio of managerial employees to clerical employees in those areas in which the system is introduced".

INTERNATIONAL LABOUR OFFICE. **Social consequences of structural and technological changes in the petroleum industry.** Geneva, 1966. Report II, Petroleum Committee, Seventh Session, 1966. Mimeographed. 128 pp. (Also in French and Spanish.)

The report describes recent changes in methods of prospecting and drilling for oil and in transporting, producing and refining petroleum products. It focuses attention on the resulting implications

for employment and working and living conditions, especially in and around oil fields in newly developing countries. On the basis of statistics from various parts of the world, the report notes that labour productivity is rapidly increasing and that in some countries total employment in the industry is declining, despite a rising demand for petroleum products. Changes in kinds and degrees of skill required for employment are discussed in some detail and the implications of recent innovations for a number of occupations are examined.

IREDALE, R. "The road to automatic assembly", in *New Scientist* (London), 31 (514), 22 Sep. 1966, pp. 672-675.

The article refers to various powerful incentives to replace assembly workers in manufacturing industries by automatic mechanisms, but notes that the capital investment required is still very high. The author examines technical problems of product design. He attempts to forecast the probable development of assembly machines for the next 15 to 20 years on the basis of research on design and costing now in progress in Great Britain.

JAPAN AMMONIUM SULPHATE INDUSTRY ASSOCIATION. **Impact of technological change on labor in the chemical industry.** Tokyo, 1966. 114 pp. Tables and diagrams.

This report by the Wage and Hour Study Team of the Japanese Ammonium Sulphate Industry Association reviews the labour implications of economic and technical changes in this and comparable Japanese industries during the decade 1955-65. It is explained that the report is presented in English and in a form intended to facilitate inter-country comparisons in order to promote an exchange of ideas with those in Europe interested in similar problems in the same industry.

The report examines the changes in management, supervision and occupational requirements brought about by market shifts, competitive pressures and technological developments. Problems resulting from the increasing need for occupational and geographical mobility



are explained in terms of specific Japanese traditions of guaranteed employment based on seniority and by reference to agreements reached between Gokavoren (the principal federation of trade unions in the industry) and the employers. The report concludes on a note of warning of impending drastic changes due to the reluctance of employers to make concessions to existing unions and to complaints on the part of employees of monotony resulting from the automatic equipment used at present.

KAHN, M. L. "Airline flight crews: adjustment to technological change in a regulated growth industry", in *INDUSTRIAL RELATIONS RESEARCH ASSOCIATION: Proceedings of the Annual Winter Meeting, 1965*. Madison, Wisconsin, 1966. Pp. 124-138.

In this paper Professor Kahn of Wayne State University examines the history of conditions of service and remuneration of airline pilots in the United States, i.e. of employees in an industry where substantial technical innovations were introduced at a rapid rate during the period reviewed (1930-65). The research reported here is part of a study on the impact of technical change on labour problems in American transport industries.

After reviewing the changes—in "output" per man-hour, in volume of traffic, in employment, in pilots' work and in the composition of flight crews—which accompanied the introduction of new types of planes and equipment, the author traces the modification of the criteria governing remuneration, etc., in collective agreements between the pilots' union and the various carriers. He shows that increased productivity in this industry offers the choice of alternatives of increased income or increased leisure and suggests that the considerations determining that choice may be relevant in the context of innovation in other occupations and industries.

KASPEROVICH, E. *Puti povysheniia proizvoditelnosti truda v mashinostroenii* [Possibilities of increasing labour productivity in the metal trades]. Minsk, Nauka i Tekhnika, 1965. 214 pp.

By reference to specific examples the author describes methods of increasing labour productivity in the metal trades. One of the book's six chapters concentrates on problems of training and retraining workers and on the development of specialists to meet new skill requirements. Different types of apprenticeship and vocational training schemes are described.

KUTTA, F. "The influence of technical development on changes in work functions and the main tendencies of change in personnel structure", in *Czechoslovak Economic Papers* (Prague, Economic Institute of the Czechoslovak Academy of Sciences), No. 6, 1966, pp. 45-63.

The article indicates two distinct lines of research into the implications of current technical changes. First, the author focuses attention on changes in work content. In this context he defines concepts such as "work cycle", "work process", "work co-operation" and refers especially to studies undertaken in Eastern European countries. He then proceeds to a macro-economic analysis of occupational structure as a result of technical changes. The trend towards "non-production", administrative or office work is illustrated by statistics for recent decades, from various countries and industries. For the engineering industry Mr. Kutta notes the gradual disappearance of "basic workers", while "supplementary workers" (those who repair and service machines) become the major group (during the period of transition to automation and cybernation). Soviet statistics are cited to show that automation reverses the process of fragmentation of occupations, typical of the mechanisation phase of industry. Mr. Kutta concludes that automation necessitates fundamental changes in qualifications and, therefore, drastic changes in methods of education.

LAURENT, P. "Exposé sur les aspects de la réforme de l'enseignement propres aux enseignements techniques" [A statement on aspects of the educational reform concerning technical

education], in **Education nationale** (Paris), 22 (793), 2 June 1966, pp. 7-8 and 32-34.

In this speech the Secretary-General of the French Ministry of Education describes the plans for reforming the structure of technical and vocational education, at all levels, in France. He observes that technical, economic and social changes call for such educational reforms, and stresses that co-operation with industry is essential. He notes that there are divergent trends, brought about by the need for greater technical specialisation, on the one hand, and by the desirability of a broader educational background (to facilitate occupational mobility) on the other.

He outlines types of pre-vocational information that should be made available to pupils of secondary schools before they go into industry—information to be provided as a result of co-operation with industry and those in the occupations concerned.

Mr. Laurent describes how various types of post-secondary full-time and part-time vocational education and higher technical professional training fit into the national educational system. He refers, in this context, to the functions of colleges of technology. The paper also touches on other training issues such as a review of industrial apprenticeship systems, arrangements for retraining people in later life, present plans for providing additional school and college buildings, and training for teachers of new technical subjects.

MAHAR, J. F., and BARDWELL, G. E. **A method of measuring short-term impacts of technological change on employment and occupations—as tested in selected power laundries.** Denver (Colorado), University of Denver, 1965. Report prepared for the U.S. Office of Manpower, Automation and Training. ix+92 pp. Appendix.

This study of 20 power laundries in different parts of the United States was undertaken as a pilot project to develop an analytical framework for predicting

the potential impact of technical change on the level and type of employment within a given industry. The authors group the industry's processes into "logical sections of the mechanisation profile" in order to analyse the prevailing level of mechanisation in each section. They evaluate their mathematical models for predicting the impact of selected innovations in these sections and analyse the data collected in field interviews.

The authors' mechanisation profiles in self-contained operations (or "sections") are based on concepts developed by Professor J. R. Bright; the mathematical models, described in detail in an appendix, build on Professor Edwin Mansfield's work on the speed of response of firms to new techniques.

MARCHAND, J., HEMSWORTH, L., and SHEPHERD, H. L. "The meaning of manpower policy", in **Industrial Canada** (Toronto), 67 (3), July 1966, pp. 91-106.

This is the report of a conference dealing with problems of manpower policy in Canada. In the first pages the Minister of Citizenship and Immigration outlines the basic problems facing the new Department of Manpower and plans for dealing with them. He deals in particular with the changing function of the National Employment Service. In the second paper Mr. Lloyd Hemsworth (Canadian Industries, Ltd.) reviews the need for, and the possibilities of, improving management education and skills under present conditions of technical change. Manpower training and skills are discussed in the third paper by Mr. H. L. Shepherd (Canadian Westinghouse Company). The three papers are followed by a report of the conference discussion.

MCCARTHY, J., *et al.* "Information and its processing by computers", in **Scientific American** (New York), 215 (3), Sep. 1966, pp. 64-260. \$0.60.

This special issue is almost entirely devoted to descriptions of actual and potential uses of electronic data processing. In a brief introduction on the



way in which information can be processed by computers Professor John McCarthy of Stanford University deals with the history of calculating devices, the structure and functioning of present-day computers and the purposes for which such devices are already used and might be used in the future. He alludes also to certain organisational implications which may ensue. While most of the 11 articles which follow this introduction deal with technical aspects of computers, some touch marginally on social implications.

**MINKOV, Minko. *Naselenieto i rabotnata sila v Bulgaria* [Population and manpower in Bulgaria]. Sofia, Izdatelstvo na Bulgarskata Akademia na Naukite, 1966. 257 pp. 1.77 levs.**

The author of this well-documented work examines a great array of social and economic problems, the following three of which call for special attention: migratory movements, vocational and technical training and the structure of employment. Considering first the influence of technological advance on labour mobility, he makes an analysis, supported by figures, of the main trends of migration, which include movements from the country to the towns, from small to larger communities, and from small urban areas to the great urban centres.

Maintaining that one of the most striking results of technological progress is a rise in the qualifications of the labour force, the author defines the best means of training qualified persons for various occupations. The last part of the book deals with changes occurring in the occupational structure of the population under the influence of technological advance. In this connection the author examines plurality of occupations and the emergence of workers with a wide occupational profile.

**MORSE, D., and WARNER, A. W. (eds.). *Technological innovation and society*. New York, Columbia University Press, 1966. vi+214 pp. \$6.00; 45s.**

The papers and discussions in this book represent the third year of deliberations of the Columbia University seminar on technology and social change. After four contributions by scientists on science, technology and the process of innovation, which form the first part of this book, four contributors from the field of social studies deal in general terms with the social, political and economic impact of technical change.

Mr. Donald N. Michael, a sociologist and social psychologist, emphasises that many of the problems brought about by technical change result from the cumulative effect of changes that have been long under way. He asks that more thought be given to the strains which sophisticated technologies place upon traditional morality and traditional political processes and, most significantly, on the conception of the nature of the individual and his relation to society.

Mr. Henry H. Villard, an economist, points out that the demands likely to be made on the resources of the United States in coming decades must be viewed in the light of world needs including especially those of the poor countries. In direct contradiction to those who maintain that change will produce severe problems of unemployment, he insists that the hope of the world lies in the possibility that technical advance will be rapid enough to provide increases in output that are adequate to maintain standards of living in the world above disaster levels.

**PODKOVYROV, N. A. *Sovershenstvovanie organizatsii truda na vspomogatelnykh rabotakh* [Improved organisation of work for auxiliary workers]. Moscow, Ekonomika, 1965. 139 pp. 0.37 rouble.**

This book deals with the host of social and economic problems that arise when production is automated. The methodological starting point is the division of the industrial labour force into two great sections (basic workers and auxiliary workers), of which the second includes both workers employed in the handling of goods and materials and workers responsible for the maintenance and adjustment of equipment. The



author considers that the auxiliary workers deserve particular attention in connection with automation. He therefore goes on to make a thorough examination, supported by figures, of the effect of modern techniques on the absolute and relative numbers of auxiliary workers, the nature of their work and the level of qualifications expected of them. He concludes that current changes involve a widening of their occupational profile, and endeavours to define the consequences for vocational and technical training and for the wage system.

REINOU, H., and PAIS, A. "The evolution of job structures in Europe and North America", in O.E.C.D.: **Manpower aspects of automation and technical change, European Conference, Zürich, 1 to 4 February 1966**. Supplement to the Final Report. Paris, 1966. Pp. 111-141.

The authors of this paper—who are, respectively, the Director of the Financial and Economic Department of the Netherlands Postal and Telecommunications Service and the Chief of the Netherlands Giro (Postal Cheque and Clearing) Service—examine the general theory of the relationship between technical and occupational change and review recent writing on the subject. They refer also to other factors which modify the occupational pattern. They cite time series for growth in output and variations in labour productivity and employment for six major countries during the past ten years and provide a detailed examination of occupational changes in industry in the Netherlands and in France during several recent decades. In addition to this macro-economic approach the authors report on occupational and output changes in the Netherlands Telecommunications and Giro Services before and after the introduction of automation.

REVUE DE LA BANQUE. **Aperçu sur les études consacrées à la sociologie des employés** [Review of sociological studies of salaried employees]. Brussels, 1965. 71 pp. Bibliography.

This report presents an over-all view of research work in five subject areas: changes affecting the social status of salaried employees, changes in job content, structural changes in organisations, salaried employees' attitudes in general, and in particular their attitudes to trade unionism. French, German and United States studies are reviewed, including many dealing with the impact of computers. The report covers problems and methods which have aroused the interest of research workers and, by implication, shows areas in which relatively little research appears to be in progress.

ROBERTS, B. C. "Social implications of technological change", in BRITISH PRODUCTIVITY COUNCIL: **Automation and its implications**. London, 1965. Pp. 28-33.

The author notes the apparent paradox of the slow pace at which automation is introduced in Britain and apprehensions about its possible consequences. He argues that technical, and therefore social, change is necessary and maintains that this should proceed rationally and at a more rapid pace. He considers that prevalent systems of wage payment and collective bargaining retard the introduction of modern technology and therefore need to be brought up to date.

Apprehensions about mass unemployment and obsolescence of skills, Professor Roberts suggests, are not entirely baseless but are grossly exaggerated. He urges that a higher proportion of the national income be spent on education and that training for new skills should be improved. While considering that the Redundancy Payments Act is a step in the right direction, he argues that more needs to be done at the level of the firm, as well as nationally, to cushion the impact of technical change. In this connection, he envisages the shortening of standard working hours and considers that dual job holding may become more common and should be welcomed. Traditional "stick and carrot" incentives are considered to be inappropriate and based on erroneous premisses and Professor Roberts urges that they be abandoned.

ROLLE, P. "Technique et source de l'autorité" [Technology and the structure of authority], in CENTRE NATIONAL DE LA RECHERCHE SCIENTIFIQUE, CENTRE D'ÉTUDES SOCIOLOGIQUES: **Autorité, technologie et emploi** [Authority, technology and employment]. Paris, Editions C.N.R.S., 1965. Pp. 11-135.

The main subject of this case study is organisational change resulting from the introduction of automation in manufacturing. Mr. Rolle considers that the drastic changes implied by the use of automatic processes require study (and review in a broad context) of the structure of authority in industry. These changes include changes in job content and skill requirements, the bases of systems of remuneration, the degree of responsibility that goes with different jobs, and hierarchical structure. His study of a glass factory employing just under 2,000 people is based on information supplied to him by the factory's training department, on intensive interviews with employees at different levels and on an analysis of approximately 200 written applications for skilled jobs.

In the second part of the paper the author uses his empirical data to examine the changes in authority and decision-making (formal and informal structure) that result from the introduction of automatic processes in manufacturing. He also describes reactions to these changes. After classifying the views of his respondents he notes that the explanation of any correlation between technical change and changes in authority and responsibility lies in the prevailing climate of human relations in the workshop.

SCHMIDT, Ernst. **Die Automation in organisationstheoretischer Betrachtung** [Automation viewed in the light of organisation theory]. Berlin, Erich Schmidt Verlag, 1966. 166 pp. Bibl., index. 19.50 marks.

This study consists of an examination of automation as a problem in the organisation of an enterprise. The author bases his analysis mainly on the organisation theory developed by the German

writer E. Kosiol. The problems are treated at a theoretical level, with the principal aim of clarifying concepts useful to the study of decision-making and programming of work procedures and other operations in an organisation. The book contains a reference list including particularly publications from Eastern Germany. Some of this work is commented on by Mr. Schmidt in the body of the book.

SCHULZE, H. "Qualifikationsentwicklung durch Automatisierung" [Changes in skill requirements under automation], in **Berufsbildung** (Berlin), 20 (2), Feb. 1966, pp. 60-62; 20 (3), Mar. 1966, pp. 126-130 and 137; and 20 (4), Apr. 1966, pp. 184-186.

In these three articles the Director of the People's Polytechnic at Weimar examines the degrees and types of skills, qualifications and training required under conditions of increasing mechanisation and automation in Eastern Germany. The articles are based mainly on investigation of the country's precision mechanics, optical and electronics industries. In addition to a study of published material (to which he refers in footnotes) the author derives the data and analysis he presents from his own observations at factories and from discussions with managerial, technical, scientific and other employees. He notes that changes in skill requirements, etc., under conditions of advancing mechanisation and automation, differ basically in socialist and capitalist countries. They depend, he argues, on systems of division of labour.

Mr. Schulze distinguishes five levels of mechanisation and automation, ranging from manual operation and control to full, self-adjusting automation. He traces changes in eight major requirements such as physical effort, nervous and mental effort, dexterity, general knowledge, experience in production, etc., at each of these levels. A graph illustrating these changes brings out particularly the steady increase in requirements with regard to general and theoretical knowledge. The analysis is broken down by type of work, such as production, maintenance and repair. The author finds



that, as the level of mechanisation and automation increases, workers have less direct but more indirect influence on the level of productivity, mainly because their principal function becomes the maintenance of smooth working of the machinery and the execution of rapid repairs. Among his principal conclusions is the need for raising the level of general and technical education.

SHULTZ, G. P., and WEBER, A. R. **Strategies for the displaced workers.** New York and London, Harper & Row, 1966. xvi+221 pp. Index, reference lists. \$4.95.

The operations of the tripartite "Automation Fund Committee" established in 1959 to ease the labour displacement problems arising from scheduled plant close-downs (of Armour & Co. meat-packing plants) are explained and analysed in this volume by the committee's co-chairman and one of its staff members. The authors note that the experiences reported in the study "reflect the special circumstances of economic change and union-management relations in one large company" and suggest that they nevertheless "can provide guides for other parties who are confronted with similar challenges".

Within its broad mandate to assist workers adversely affected by the plant closings, the committee arranged for transfers of workers to other jobs within the company and for alternate employment elsewhere. These activities involved financial support for moving workers, aid during training periods, improved labour market information and other techniques involving both private and government action. The measures are evaluated and recommendations for public and private policies are set out.

SOLOW, R. M. **The nature and sources of unemployment in the United States.** Stockholm, Almqvist & Wiksell, 1964. 51 pp.

In these two lectures, delivered at the University of Stockholm in 1964, Professor Solow (the United States economist) critically analyses and argues

against the structural theory concerning recent unemployment in the United States. He reviews unemployment statistics of Western European countries and Australia, as well as the United States, to refute the view that, as automation becomes more widely diffused, the economy suffers increasingly from structural unemployment that cannot be reduced to an acceptable level unless the skill distribution of the working population can be altered. The author argues that there has not been increased structural unemployment in the United States and that labour market policy is therefore not a satisfactory substitute for an expansionary fiscal and monetary policy, which he advocates as the main remedy for the inadequate demand and employment in his country in recent years. His analysis is based on hitherto unpublished research as well as published data.

STIEBER, J. (ed.). **Employment problems of automation and advanced technology: an international perspective.** London, Macmillan, 1966. xvii+479 pp. Bibliography. £4 10s.

This volume contains 23 papers presented at a conference organised by the International Institute for Labour Studies, Geneva. Also included are summaries of the discussions which followed each paper or group of papers. The participants—from universities, trade unions, business, the civil service, etc.—included persons from countries with centrally planned and market economies, from the less, as well as from the more, developed parts of the world, and from intergovernmental organisations.

The papers are divided into five sections dealing with advanced technology: rate and route of advanced technology; impact on employment; education and training; impact on management; and impact on industrial relations. A 29-page appendix contains an analytical list of relevant publications in English, German and French on the main questions raised in the five chapters. The purpose of the conference was to exchange views and experience but not to arrive at a consensus of opinion.



STYMNE, B. "E.D.P. and organisational structure: a case study of an insurance company", in *Swedish Journal of Economics* (Stockholm), 68 (2), 1966, pp. 89-116.

The case study reported in this article was carried out in a Swedish insurance company employing a staff of about 1,000 at its head office. Empirical data were collected by observation and interviews in the department of the company where the largest amount of routine work had been transferred to electronic data-processing (E.D.P.). After reviewing previous studies of the implications of the change to E.D.P. for organisational structure (mainly in Sweden, the United States and Great Britain) the author notes that organisation theory has hitherto suffered from the lack of a generally accepted framework for the description of organisational structure. In his case study he uses an organisation model developed by A. Rhenman in Stockholm and seeks to test a series of hypotheses concerning the increase or decrease in problem-solving activities and the types of impulses received and transmitted. (He distinguishes between three main types of impulses: those that initiate problem solving, those that specify behaviour, and those that convey substantive information.)

The conclusions are stated in qualitative rather than quantitative terms, since the main purpose is to suggest measurements that will be useful in assessing organisational and social changes that result from, or are associated with, new techniques of work.

TAYLOR, J. W., and DEAN, N. J. "Managing to manage the computer", in *Harvard Business Review* (Cambridge, Massachusetts), 44 (5), Sep.-Oct. 1966, pp. 98-110.

The article reports on a study of 33 large American manufacturing companies using computers. The authors, who are members of the consulting firm which undertook the study, describe the ways in which a sample of "exceptionally well-managed firms" are using computers, and the plans of these firms for

the use of computers in the near and more distant future. Six major types of computer applications are covered, ranging from finance and administration to research and development in engineering and reports on trends in costs. The study shows that managers in the companies investigated are becoming increasingly aware of the advantages to be derived from the judicious use of computers. The authors state that the study has not produced any evidence of a relationship between computer use and centralisation or decentralisation. In regard to future applications of computers they note that "the historical practice of approving proposed new applications of computers on the basis of clerical or other cost reduction potential is not the primary basis for approval in most of the companies"; other considerations are reviewed.

UNITED STATES BUREAU OF EMPLOYMENT SECURITY. *Occupations in electronic computing systems*. Washington, D.C., U.S. Government Printing Office, July 1965. vi+72 pp. Illus. Glossary of automation terminology, bibl., index of occupational titles. \$0.30.

The booklet provides detailed job descriptions of 23 basic occupations related to electronic data-processing. Seventy E.D.P. job titles current in the United States are listed in the index and each job is described in terms of the duties involved, level of education, training and experience usually required by management for employment in the occupation, aptitudes, interests and temperamental factors which seemed significant for the job, environmental conditions and physical activities associated with the work and "worker trait requirements". The job descriptions are derived from the experience of establishments using computers in the United States.

A selected bibliography lists standard works providing recent information on E.D.P., while another appendix contains a list of organisations, colleges and universities in the United States able to provide further academic, technical or employment information on E.D.P. A glossary defines about 100 technical terms used in connection with E.D.P., as

an aid to the understanding of the job descriptions.

UNITED STATES BUREAU OF LABOR STATISTICS. **Technological trends in major American industries.** Bulletin No. 1474. Washington, D.C., U.S. Government Printing Office, 1966. vi+269 pp. Bibl. \$1.50.

This bulletin brings up to date and amplifies the study "Technological trends in 36 major American industries" published in 1964. It describes and documents the kinds of technological change which are being introduced in industries in all sectors of the American economy and appraises the probable extent and pace of these innovations until 1970. It focuses on the employment aspects of the new techniques in each of the industries studied. But it shows that levels of employment and occupational structure in an industry are influenced also by factors other than technological change. The study stresses the need for adequate measures to facilitate manpower adjustment to the changes. Such measures include those designed to maintain adequate economic expansion and adjustments of education and training with a view to avoiding technological unemployment. The selected bibliography covers much recent work on technological change and forecasts, manpower trends and outlook, adjustments to technological change and bibliographies on technological change.

UNITED STATES NATIONAL COMMISSION ON TECHNOLOGY, AUTOMATION AND ECONOMIC PROGRESS. **Technology and the American economy.** Washington, D.C., U.S. Government Printing Office, 1966. xiv+115 pp. Tables and diagrams. \$0.75.

This volume contains the report of the Commission, which comprises 14 prominent academics, industrialists and trade unionists, to the President and Congress of the United States on the pace of technical change in the past and present and on its probable implications in the decade ahead. It focuses attention on the relationship between technical

change and unemployment in the United States economy generally and in specific occupations, industries and geographical areas. It examines the importance of individual skill and education for employment. Basing itself on the testimony of a large number of individuals and organisations as well as its own research, the Commission presents recommendations for private and public policies for facilitating adjustment to change.

The report deals with problems of education and training, labour market information, regional adjustment, ways of protecting the right of displaced employees, questions of collective bargaining, the management of change, and other issues. It discusses the possibilities offered by automation and modern technology for meeting unsatisfied social needs, particularly in regard to health, transport, housing, and control of air and water pollution.

VOGT, W. **L'employé et l'automation** [The salaried employee and automation]. Geneva, Imprimerie L. Reggiani, 1966. 148 pp. 8 Swiss francs.

In this thesis for the degree of doctor of sociology in the University of Geneva the author discusses psychological, economic and technical, as well as sociological, aspects of the introduction of electronic data-processing in offices. He contrasts the situation before and after the utilisation of electronic computers, from the angles of working methods, formal structure of organisation, role attribution, functioning of informal groups and reactions of employees to the prospect—and the actual introduction—of computers. He devotes special attention to adjustment problems for individuals, departments and the organisation as such during the various phases of the transition. On the basis of limited field work (reported in the appendix), the author concludes that automatic data-processing has not produced far-reaching changes in offices. He notes a general trend towards the gradual diminution of traditional differentiation between office staff and manual workers engaged on "production".



WARNER, A. W. "Technology and the labor force in the offshore maritime industry", in *INDUSTRIAL RELATIONS RESEARCH ASSOCIATION: Proceedings of the Annual Winter Meeting, 1965*. Madison, Wisconsin, 1966. Pp. 139-150.

Professor Warner of Columbia University examines the consequences of the introduction of certain semi-automatic devices on board the newer vessels of the United States mercantile marine and shows that increasing mechanisation and automation have made it possible to man ships with reduced crews. The pace at which automation can be introduced, he points out, must depend largely on the attitudes of the seamen's unions. These, in turn, are shown to depend on the expansion of the United States merchant fleet and on the distribution of jobs available. The author cites employment statistics to illustrate that a proportion of those employed in the industry are only loosely attached to it by casual work and that the rates of turnover in certain highly skilled occupations are high. The facts he presents lead him to conclude that among the industry's principal problems are those of better manpower planning, especially for the training of officers for largely automated vessels. He indicates ways in which such training might be organised with the co-operation of the trade unions and suggests that new career lines in the mercantile marine appear to call for changes in trade union organisation as well as in collective bargaining.

YAGODKIN, V., and MASLOVA, I. "K voprosu ob ispolzovanii rabochei sily, vysvobozhdayushcheysya v svyazi s tekhnicheskim progressom" [The utilisation of manpower displaced by technical progress], in *Voprosy ekonomiki* (Moscow), No. 6, 1965, pp. 31-39.

Accepting that the introduction of new techniques sets free a number of workers, the authors emphasise that the process is much more complex than at first appears, because modern equipment, despite its important role, is only one of the factors involved. This leads them to

the importance of a quantitative assessment of each factor, and here they find the starting point for an appropriate redistribution of the labour force by undertaking, by economic branch and by area. The rational use of human resources as technology advances, however, cannot be ensured without a better geographical distribution of labour, and this calls for the setting up of a single employment organisation. Replacing the existing organisations in this field it should centralise their functions, including those of registration, further vocational and technical training and the resettlement of redundant workers.

ZDRAVOMYSLOV, A. G., and YADOV, V. A. (eds.). *Trud i razvitie lichnosti* [Labour and the development of personality]. Leningrad, Lenizdat, 1965. 190 pp. 0.40 rouble.

This book consists of seven theoretical studies prepared by a Leningrad team of sociologists on the basis of inquiries carried out in undertakings in the surrounding area. Citing specific examples it demonstrates the effects of technological advance on the content of work, division of work, the employment pattern, and the qualifications of the labour force. The authors see in the raising of the cultural level of the working class a factor helping workers to take an active part in improving techniques, technology and the organisation of production. Particular attention is given to the analysis of measures adopted to eliminate the monotony of work and serious nervous strain. The account of the attitude adopted by young workers towards their occupation and the analysis of the relationship between level of education and work satisfaction are of great interest. The book ends with a study of factors determining the mobility of labour.

ZVORYKIN, A. "Méthodes de détermination des conséquences possibles de la mécanisation et de l'automatisation sur la structure de la population active" [Methods of determining the possible effects of mechanisation and automation on the occupational struc-



ture of the economically active population], in CENTRE NATIONAL DE LA RECHERCHE SCIENTIFIQUE, CENTRE D'ÉTUDES SOCIOLOGIQUES: **Autorité, technologie et emploi** [Authority, technology and employment]. Paris, Editions C.N.R.S., 1965. Pp. 185-193.

In this paper Professor Zvorykin describes the methods used by the Soviet Research Institute for the Scientific Study of Labour Problems (*a*) for calculating the future occupational distribution of the economically active population, and (*b*) for evaluating the needs for changes in the distribution, according to the levels of mechanisation and automation. (This paper<sup>1</sup> is the continuation

of his earlier investigation of methods for measuring levels of mechanisation and automation.) He describes Soviet statistics in which the working population is classified by levels of skill and the methods used for this classification. He then refers to ways in which future labour and skill requirements are estimated for enterprises, in accordance with different levels of mechanisation and automation, and illustrates the purposes and methods of Soviet manpower planning techniques by an example from the machine-tool industry. The author considers that the principles are generally valid but notes that the techniques may need to be changed for different industries. On this point, he explains that research is being carried out by a number of research institutes in the Soviet Union.

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<sup>1</sup> A. ZVORYKIN: "Methods of statistical calculation and determination of levels of mechanisation, automation and new technology in the U.S.S.R.", in I.L.O.: *Automation: a discussion of research methods*,

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Labour and Automation, Bulletin No. 1 (Geneva, 1964), pp. 173-183.

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Rural settlement and housing trends in a developing country: an  
example in Nigeria Patrick CROOKE

Women's employment and conditions of work in  
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# The I.L.O.

The International Labour Organisation was founded by governments for the purpose of international collaboration in securing the permanent peace of the world and eliminating social injustice through the improvement of conditions of labour. A special feature of its structure is that representatives of management and of labour organisations participate with government representatives in its proceedings. Established in 1919 it became in 1946 the first specialised agency associated with the United Nations. It has more than 100 member countries.

Over the years the I.L.O. has built up a large body of international agreements ("Conventions") and recommendations relating to basic rights of labour, employment and training, conditions of work, social security and protection at work. These are the result of detailed discussion at the annual International Labour Conference, comprising four delegates (two representing the government, one representing management and one representing labour) from each member country, speaking and voting individually. The Conventions and Recommendations are not automatically binding, but governments must submit them to their national legislatures; a Convention becomes binding upon ratification. Reports from the different governments on their implementation are examined annually by the Conference and there is also machinery for examination of complaints, including alleged violations of freedom of association.

Another major sector of the I.L.O.'s work consists in the provision of expert advice and technical assistance in matters connected with labour and social policy. Assistance is provided under the United Nations programmes of technical co-operation as well as under the I.L.O.'s regular budget. Much of this operational work lies in the fields of manpower training and utilisation, improvement of work methods and organisation, labour administration and the development of effective systems of industrial relations and social security.

These activities are organised by the International Labour Office, an international staff in Geneva with a field network in most parts of the world. The Office is also the permanent secretariat of the Organisation, and a clearing-house for international information and research. It is headed by a Director-General appointed by a Governing Body of 24 government representatives, 12 representatives of management and 12 representatives of labour, which meets three times a year.

In addition to the activities mentioned, matters of concern to particular regions and industries are discussed periodically by special conferences and committees, and many specialised technical meetings are organised. An International Institute for Labour Studies, set up by the Organisation at Geneva, provides persons occupying positions of responsibility in the different countries with opportunities for advanced study of labour policy questions.

All these activities are closely co-ordinated with a view to fulfilment of the purpose for which the International Labour Organisation was created—the promotion of social justice and peace.

# INTERNATIONAL LABOUR REVIEW

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Volume 96

September 1967

Number 3

---

## CONTENTS

Page

239 **Towards complete development**

*Rev. Joseph JOBLIN, S.J.*

The encyclical *Popularum Progressio* belongs to the series of great encyclicals in which the Church's social doctrine has been developed. It emphasises the link between development and peace and constitutes an appeal for understanding among peoples for the common good of humanity. The author picks out the themes in the document related to the aims of the I.L.O., which was established to promote the "material well-being" and the "spiritual development" of the workers. Development must be comprehensive so that the increase in material goods is accompanied by individual progress: it must involve the complete development of every man and of the whole man. In this connection the international institutions play an essential part. The exchange of ideas that takes place in them makes it possible to draw up and implement a world strategy to overcome poverty; at the same time their legislative activity is creating the beginnings of a juridical system for the diversified world society that is now being built up.

252 **Statutory minimum wage fixing in the sugar industry of Mauritius**

*D. P. CHESWORTH*

Sugar is the principal product of Mauritius, and the island's economy is largely at the mercy of fluctuations in world prices for this commodity. This raises difficulties in the way of wage fixing. Nevertheless, a system of statutory minimum wages in the sugar industry was introduced in 1963, and at the same time measures were taken to stabilise employment. With regard to the larger plantations, which account for over 60 per cent. of the cane harvested, the author concludes that individual earnings and the industry's wages bill rose; the number of man-days' employment remained steady until 1966; the problems of manpower shortage and absenteeism have diminished; and labour productivity has improved.

280 **Rural settlement and housing trends in a developing country: an example in Nigeria**

*Patrick CROOKE*

The article describes the "radiation effects" of two growing cities in Western Nigeria on a nearby rural area. Rural settlement is stabilising in roadside locations that enable the population to maintain its economic role in a marketing pattern increasingly determined by road transport; rural housing forms suited to low-density living in associated family groups are yielding to urban housing forms suited to higher-density living in self-contained family groups; building materials of non-local manufacture and urban use are being increasingly adopted; and "subsistence building" by householders is being superseded by the employment of building tradesmen and even contractors.



## 292 Women's employment and conditions of work in Switzerland *Marion JANJIC*

The author examines the place of women in the economic life of Switzerland and the changes in their employment between the censuses of 1950 and 1960. It emerges from this study that the female participation rate has risen steadily since 1941 without, however, attaining that of many other countries. Girls tend to abandon their studies relatively early, perhaps as a result of firmly established attitudes towards women's occupational opportunities and of the fact that women still do not enjoy political rights in most cantons. In addition, various forms of *de facto* discrimination make it very hard for women to enter and practise certain professions, and the marriage bar creates further difficulties in some cases. Finally, women's pay is often substantially lower than men's for work of equal value.

### CURRENT INFORMATION

- 318 Participation of workers in state organisations and undertakings in Venezuela
- 318 Establishment of a National Labour Council in the Lebanon
- 319 New regulations concerning overtime in France
- 320 New pensions legislation in Rumania
- 323 Fifth World Conference of Trade Unions of Workers in Agriculture, Forestry and Plantations
- 324 Second congress of the Dahomean Confederation of Christian Workers

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# Towards Complete Development

Rev. Joseph JOBLIN, S.J. <sup>1</sup>

OF ALL THE ENCYCLICALS issued in recent years, *Populorum Progressio* has certainly caused the greatest surprise. Some people have protested against what they consider a demagogic move on behalf of the mass of underdeveloped peoples. Others see it as a manifesto and an unequivocal statement of support for the poor; they cherish the hope that concrete measures will follow this statement of principle. The reason for these diverse interpretations is that the document deals with development, one of the most controversial topics in the world today. It is not the legitimacy of development or the need for it that is questioned, but its nature and the means for achieving it. It was therefore inevitable that such a document, as a new contribution to the discussion, should come up against the reservations of those who take a different view of the state of the world.

Our task is to pick out the themes of the encyclical and relate them to the objectives of the International Labour Organisation. The I.L.O.'s aim for almost half a century has been to promote the "material well-being" and "spiritual development" of the workers, and, in its own interests, it should now try to ascertain to what extent the guidelines laid down in *Populorum Progressio* match its own and thus guarantee the support of a substantial portion of humanity for its objectives. To this end we shall analyse some of the individual statements in the encyclical before considering the comprehensive conception of development that it propounds and the role it assigns to international institutions.<sup>2</sup>

## A diagnosis of underdevelopment

The *leitmotiv* of the encyclical is the urgent need to promote development. This is emphasised as much with regard to the "undeserved hard-

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<sup>1</sup> International Labour Office.

<sup>2</sup> See also Albert LE ROY: "The fiftieth anniversary of *Rerum Novarum*", in *International Labour Review*, Vol. XLIV, No. 4, Oct. 1941, pp. 369-388; Rev. J. JOBLIN: "The papal encyclical *Mater et Magistra*", *ibid.*, Vol. LXXXIV, No. 3, Sep. 1961, pp. 127-143; *idem*: "The papal encyclical *Pacem in Terris*", *ibid.*, Vol. LXXXVIII, No. 1, July 1963, pp. 1-14; *idem*: "'The Church in the world': a contribution to pluralism", *ibid.*, Vol. 93, No. 5, May 1966, pp. 459-476.

ship" of rural society and the slowness of industrialisation as in connection with the difficulties created by the demographic situation and the lack of adequate social institutions.

### **Rural populations**

As we know, for centuries the underdeveloped countries were able, thanks to their isolation, to exist in a state of relative equilibrium. The community institutions they had developed in what is known as a subsistence economy provided each individual with a certain minimum of resources. Social groupings were rigid and it did not occur to anyone that change was possible.

A characteristic of the modern world, however, is the interpenetration of societies on the international as well as the national plane, and this characteristic is at the root of social upheavals of such magnitude as to call for energetic efforts to remedy, among other things, the "undeserved hardship" that afflicts rural populations when they are suddenly faced with new problems.

With the introduction of a new type of civilisation based on industrialisation the previous social balance is upset [10]<sup>1</sup>, and structures that were once useful become inappropriate under the new conditions [29]. It then turns out that social and political institutions, which should have helped the rural population to surmount the difficulties resulting from these changes, more often than not add to its burdens, and their continued existence is at the origin of tensions that jeopardise social peace. Such is the case, for example, with land-holding systems. The pattern of land ownership established in the past is often represented as the expression of an absolute and inalienable right, simply because it exists. This leads to an unbalanced situation in which a few have more than they need [23], while the rest lack the bare necessities and the "primary community exigencies" [23] are no longer met. It is the role of the public authorities to arbitrate between the supporters of a new social order and the upholders of the past, and to enforce, when the "common good" demands it, the expropriation of certain landed estates<sup>2</sup> and the reinvestment within the country of income derived from national resources and activity.

But the economic problem of the rural workers coincides with a human problem [10, 29, 40] resulting from the difficulty of integrating marginal sections of the population into modern society and its system of values. These groups become acutely aware of the conflict between their ancestral institutions and beliefs and the demands of progress. In the new world that engulfs them they often do not know how to preserve the precious human values they have inherited from the past.

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<sup>1</sup> The figures in brackets throughout this article refer to paragraphs in the English text of the encyclical, published by the Vatican Polyglot Press.

<sup>2</sup> "If certain landed estates impede the general prosperity..." [24].



Faced with the hastiness and impatience of certain natural leaders, who are anxious for their communities to develop quickly, and of certain experts who chafe at the delays caused by traditional methods, the encyclical recalls the absolute necessity to safeguard "the true human values" that belong to each civilisation [40]. It thus shares the concern voiced by the International Labour Conference in adopting the Indigenous and Tribal Populations Convention, 1957, which in Article 4 affirms that "due account shall be taken of the cultural and religious values" and that "the danger involved in disrupting the values and institutions of the said populations . . . shall be recognised".<sup>1</sup>

It must, however, be recognised that a programme of this kind is slow of accomplishment, and the fact must be faced that to the peoples of certain countries, who are barred from "all initiative and responsibility, and all opportunity to advance culturally and share in social and political life, recourse to violence, as a means to right these wrongs to human dignity, is a grave temptation" [30].

The standpoint of the encyclical [31]<sup>2</sup> is in this respect somewhat complex, for, whilst affirming that "a revolutionary uprising . . . produces new injustices, throws more elements out of balance and brings on new disasters" and "a real evil should not be fought against at the cost of greater misery" [31] it also recognises that "manifest, long-standing tyranny which would do great damage to fundamental personal rights and dangerous harm to the common good of the country" can explain the recourse to revolution; and when the Pope adds that "development demands bold transformations, innovations that go deep . . . urgent reforms undertaken . . . without delay" [32], these words are clearly a warning to those who have "opportunities for action" and do nothing, the more so as those who are bravely struggling against injustices will undoubtedly interpret them as approval of their activities.

## **Industrialisation**

The urgency of development does not derive solely from the sub-human condition of the rural workers in the developing countries. Many of them have migrated to the towns, where, too often through lack of vocational training, they are condemned by unemployment to being nothing but a dead weight on the economy of their respective countries, whereas they could contribute to its transformation and development.

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<sup>1</sup> See also the Indigenous and Tribal Populations Recommendation, 1957, and International Labour Conference, 39th Session, 1956, Report VIII (1): *Living and working conditions of indigenous populations in independent countries* (Geneva, I.L.O., 1955), Ch. III.

<sup>2</sup> The problem of violence was studied at length by the World Conference on Church and Society, which was organised by the World Council of Churches in Geneva in July 1966. See Archibald A. EVANS: "The World Conference on Church and Society", in *International Labour Review*, Vol. 96, No. 1, July 1967, pp. 24-42.

Some countries endeavour to deal with this situation by industrialisation. In this way they hope to reverse the trend that keeps them in a state of stagnation.

Here the encyclical affirms: "The introduction of industry is a necessity for economic growth and human progress; it is also a sign of development and contributes to it" [25]. It is indeed obvious that the so-called highly developed countries are those with a high production potential. If relatively depressed zones do exist in each of them, it is precisely because in these areas the technical and economic transformations of the modern era have not yet taken place.<sup>1</sup> It is not, therefore, surprising that the peoples of the developing countries take note of this and that their policies give priority to the creation of an industrial apparatus.

The benefits of industrialisation are not limited to its significance as an economic factor of development. The circumstances in which it takes place make it, in some degree, a psychological factor, for they enable man to progress and take his place in society. Provided with work that requires intelligence and by means of which he wrests Nature's secrets from her and finds better uses for her riches, he "develops a taste for research and discovery, an ability to take a calculated risk, boldness in enterprises, generosity in what he does and a sense of responsibility" [25]. Such a statement of the problem has the merit of defining its terms precisely. Modern economic development implies that there must be investments, and men to make use of them; but it also calls for social vision to ensure that the appropriate measures will be taken so that man will benefit from his own efforts.

Past experience teaches us that man was in fact the victim of the first wave of industrialisation. The reason is that its social philosophy was anti-human, for it made profit the key motive for economic progress, competition the supreme law of economics, and private ownership of the means of production an absolute right without limits or corresponding social obligations, thus failing to recognise that "the economy is at the service of man" [26]<sup>2</sup> and that social objectives must inspire efforts to organise the world.

We know that the International Labour Organisation was itself born of a reaction against the abuses of the liberal era; and when liberalism took steps to improve conditions of work, it was through the I.L.O. that "protective legislation defining standards of working conditions"<sup>3</sup> came to be enacted.

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<sup>1</sup> See the encyclical *Mater et Magistra* (1961), paras. 122-156, for an analysis of internal imbalances.

<sup>2</sup> On the right to property, see also paragraph 23, and *Mater et Magistra*, op. cit., paras. 119-121.

<sup>3</sup> *The I.L.O. in a changing world*. Report of the Director-General to the 42nd Session of the International Labour Conference, 1958. Twelfth Report of the International Labour Organisation to the United Nations (Geneva, I.L.O., 1958), p. 3.

A similar effort must be made for the benefit of workers in the developing countries. Until machinery for applying such a policy has been established and organised, one might aim at objectives that are seemingly more modest but nevertheless likely to help the growth of production: vocational training, the organisation of employment, a rise in productivity. These aspects must be given due importance when industrialisation is being planned and organised.

### **Demographic policy**

If industrialisation and the transformation of rural society are to be reckoned among the major problems of development, their solution is rendered particularly difficult in some countries by what is called demographic pressure [37]. No one would dispute the harmful effects, on the individual and on society, that result when the population increases more rapidly than its resources. In several countries this problem has become so serious that the encyclical could hardly avoid referring to it—without, however, making it its principal theme.<sup>1</sup>

The considerations expressed in the encyclical are all related to a central affirmation, namely the responsibility of governments in the matter. Since they are responsible for the common good, they have rights and duties relating to the provision of information and the adoption of such measures as the circumstances require: “Public authorities can intervene, within the limit of their competence, by favouring the availability of appropriate information and by adopting suitable measures, provided that these be in conformity with the moral law and that they respect the rightful freedom of married couples” [37].

1. These two limitations recall the Church’s philosophical conception of man’s place in society. By affirming the existence of an objective order of things (the moral law), which equally binds the State, the Church releases man from total submission to state authority and makes this relative independence a condition of the fulfilment of his personal destiny, which can be realised only in accordance with the basic characteristics of human nature [34].
2. Without ascribing to it an absolute prerogative, the encyclical does assert the public authorities’ right to intervene in the matter of demographic policy. This it accomplishes by providing “appropriate information” and adopting “suitable measures”.
3. The Vatican Ecumenical Council had already defined the responsibility of the State in the first of these spheres by expressing the wish that

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<sup>1</sup> It is therefore appropriate to throw further light on the statements in *Populorum Progressio* by referring to passages on the same subject in other recent documents: *Mater et Magistra*, op. cit., paras. 185-199; Paul VI’s address to the United Nations in New York on 4 October 1965; the Pastoral constitution *Gaudium et Spes* on the Church in the world of today (1965), paras. 50-51 and 87; and *Osservatore Romano* (Rome), 19 Apr. 1967.



men should be suitably informed about scientific advances in methods of regulating procreation that are clearly sound and morally justifiable.<sup>1</sup>

4. According to the thinking of the Church, this kind of information is only one element in a wider policy. With the object of ensuring that all should be given the chance to exercise a certain degree of responsibility in accordance with moral law<sup>1</sup>, the people should likewise be enabled to form an opinion on the optimum level of population and on the urgent need to increase production and to bring about a reform in their habits and methods of work, without which it will be impossible to achieve higher production.
5. Whilst it is above all up to governments to embark on dynamic policies designed to increase productivity<sup>2</sup>, which take into account the sociological and psychological aspects of the problem, it is for the people to see to it that their contribution to the birth rate should be made in full awareness of their responsibility towards the community, so that the new attitudes that will replace the traditional fatalism are not the cause of the disintegration of societies [29 and 40]<sup>3</sup>, but rather the source of a new dynamism, without which no development will take place.

The impression left by these reflections is of a striking inequality between the two elements that are responsible for the solution of the demographic problem: on the one hand, the individual, whose autonomy and freedom of decision one would wish to preserve, appears more often than not to be incapable of recognising the common good; on the other, the State, which does certainly keep the general interest in view, seems tempted to make use of its power to subdue what it regards as merely personal opposition on the part of insufficiently enlightened citizens. Social institutions then appear both as defenders of personal liberty and as guarantees of voluntary collaboration in the common effort.

### **Social institutions**

The foregoing analyses are based on the observation of various social phenomena and are an attempt to diagnose certain tensions that exist: agrarian systems whose rigidity tends to foster a pre-revolutionary situation; industrialisation that cannot get started, through lack of men and capital; and demographic pressure, which accentuates the difficulties. In each of these cases *Populorum Progressio* takes the view that more active intervention by the State would facilitate the solution of the conflict.

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<sup>1</sup> *Gaudium et Spes*, op. cit., para. 87, subpara. 3.

<sup>2</sup> *Ibid.*, para. 87, subpara. 1.

<sup>3</sup> See also the earlier remarks on the integration of rural communities, pp. 240-241.

“ It pertains to the public authorities to choose, even to lay down the objectives to be pursued, the ends to be achieved, and the means for attaining these, and it is for them to stimulate all the forces engaged in this common activity ” [33]. But is there not a danger, if we embark on this course, that new masters will merely be substituted for the old, and that the prosperity resulting from the harnessing of these social forces will benefit only a minority ?

In answer to this question the encyclical recognises the role of the public authorities in selecting the objectives and the means for attaining them, but goes on to say that the harnessing of social forces must not entail the suppression of their separate individuality: the authorities must take care “ to associate private initiative and intermediary bodies ” in the common effort. “ They will thus avoid the danger of complete collectivisation or of arbitrary planning, which, by denying liberty, would prevent the exercise of the fundamental rights of the human person ” [33].

At this point a clarification of terminology is called for. While there is no difficulty in understanding the expression “ private initiative ” to mean non-governmental bodies such as those of the business world that dominates the western economies, the phrase “ intermediary bodies ” may be less easy to interpret.

Suffice it to say that the conception of society found in the various documents emanating from the Church is that of a differentiated society, in which there is indeed an authority responsible for taking decisions, which, however, has the duty to exercise its power for “ the common good ”, that is, usually consulting the people concerned and associating them as far as possible with responsibility.<sup>1</sup> This equilibrium between citizens and authority is hardly possible in a state-run society without the mediation of intermediary bodies set up for the most part by private initiative, some of them being recognised by the State as virtual partners in the task of administration.

But the relative strength of these bodies is difficult to define in a changing society; this is especially the case with the employers' and workers' organisations. They have come into being to protect their members, yet they find themselves drawn into new responsibilities, as a result of the increasingly organic nature of economic development. It is widely admitted today that development cannot be left to “ individual initiative alone and the mere free play of competition ” [33] without the risk of seeing economic growth add to the wealth of the rich and increase the indigence of the poor; it must be thought out and striven for according to a plan, which, being the result of collective effort, “ gives significance and value to the work undertaken ” [50]. Employers' and workers' organisations thus find themselves at a crossroads in all countries where economic expansion is taking place and where the evolution of society has

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<sup>1</sup> *Gaudium et Spes*, op. cit., para. 75.

brought about such fundamental changes in the economic situation as to necessitate an over-all policy that lays down in advance the direction in which the country is to develop.<sup>1</sup> The question then arises for governments whether the occupational organisations will lend their support to the application of this policy, even if it should mean abandoning certain of their claims, or whether their refusal will oblige the authorities to act alone in enforcing the implementation of their plan. To carry out such tasks the organisations have to be strong, and it is in this sense that one can speak of a crisis in social institutions.

### A vision of development

The various analyses in the encyclical *Populorum Progressio* are in no sense technical studies of the problems under review, attempting to define their components and suggest practical means for their solution. Whilst recommending the drawing up of development programmes, the encyclical is in no sense intended to take over the functions of the governments responsible for this. Its aim is quite a different one: to help the peoples and their leaders at all levels to acquire a sense of urgency and to recognise the complexity of the setting in which each particular policy is to be applied. In other words, the various ideas described above derive from a common doctrine; this doctrine, in the view of the Pope, implies the recognition of certain imperatives that must be taken into account by men of action if they wish to promote the complete development of every man and of the whole man [14].

The view of development underlying this last encyclical may be called historical and comprehensive. It is historical as regards both the individual and humanity as a whole. Certainly the purpose of every economic undertaking nowadays is to serve individual man and his aspirations, for "the economy is at the service of man" [26]; but he cannot be considered in isolation from mankind as a whole, of which he is a part [17] and a member. Development is no doubt identified in some way with the life history of each individual man, for "at birth, everyone is granted, in germ, a set of aptitudes and qualities for him to bring to fruition. . . . Endowed with intelligence and freedom, he is responsible for his fulfilment. . . . By the unaided effort of his own intelligence and his will, each man can grow in humanity, can enhance his personal worth, can become more a person" [15]. But "it is not just certain individuals, but all men

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<sup>1</sup> In his reply to the discussion of his Report to the 48th (1964) Session of the International Labour Conference the Director-General of the I.L.O. said: "New responsibilities are being thrust upon the trade unions in the older countries as well as in the new nations, responsibilities connected with national economic policy-making." See International Labour Conference, 48th Session, Geneva, 1964: *Record of Proceedings* (Geneva, I.L.O., 1965), p. 406. See also the speech given by David A. Morse (Director-General of the I.L.O.) at the Netherlands School of Economics, Rotterdam, on 17 March 1964.



who are called to this fullness of development ” [17] and each of us is engaged in an historical process greater than himself, towards the fulfilment of which he may agree or refuse to contribute.

“ Humanity is advancing along the path of history like the waves of a rising tide encroaching gradually on the shore. We have inherited from past generations, and we have benefited from the work of our contemporaries: for this reason we have obligations towards all, and we cannot refuse to interest ourselves in those who will come after us to enlarge the human family. The reality of human solidarity, which is a benefit for us, also imposes a duty ” [17].

Growth, because it is historical and collective as well as individual, can take place only through comprehensive action involving the economic, social, cultural and spiritual aspects of human development. In this sense “ all social action involves a doctrine ” [39] and presupposes that the leaders have a “ scale of values ” [18]. Or, in the words of the Director-General of the I.L.O. to the International Labour Conference: “ Social progress means not only greater material welfare but also greater respect for the moral status and dignity of the individual person.”<sup>1</sup> Seen in this perspective, development cannot be reduced to a simple increase in material goods. This cannot be the final aim of the efforts made by individuals and whole peoples. To accord with human nature development must take account of the whole man, ensuring individual progress and at the same time the harmonious development of all humanity. “ Man must meet man, nation meet nation, as brothers and sisters, as children of God. In this mutual understanding and friendship, in this sacred communion, we must also begin to work together to build the common future of the human race ” [43].<sup>2</sup>

This conception leads to the recognition of the primordial importance in the world today of the problem of hunger, the very existence of which is a challenge to humanity to build a world where each and all may emerge from less human into more human conditions [20].

The encyclical does not ignore the contributions already made by international institutions and private organisations to the campaign against hunger; amongst the latter *Caritas Internationalis* plays an important part. However, these emergency activities could never suffice to build “ a world where every man, no matter what his race, religion or nationality, can live a fully human life, freed from servitude imposed on him by other men or by natural forces over which he has not sufficient control; a world where freedom is not an empty word and where the poor

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<sup>1</sup> The Director-General's reply to the discussion of 'his Report to the 50th (1966) Session of the International Labour Conference (*Record of Proceedings* (Geneva, I.L.O., 1967), p. 422).

<sup>2</sup> Here the encyclical is quoting from Paul VI's address to the representatives of non-Christian religions during his pilgrimage to Bombay on 3 December 1964. See *La Documentation catholique* (Paris), Vol. LXII, 3 Jan. 1965, No. 1439, col. 3.

man Lazarus can sit down at the same table with the rich man " [47]. But whether it is a question of the efforts to be made by the underdeveloped nations themselves, or the sacrifices to be accepted by the richer peoples, such as the payment of higher taxes, so that the public authorities are in a position to intensify their efforts, or higher prices for imported goods, so that the producer is more justly rewarded, or even, in the case of some individuals, leaving one's country in order to assist directly in the development of the young nations, none of these public or private initiatives will have the desired results unless supported by sufficient means or associated with the appropriate institutions. Among the latter the international institutions have a vital part to play, according to the Pope's thinking.

### **The role of the international institutions in development**

The international institutions are in a position to create a favourable climate for international co-operation and to obtain results that would otherwise be very difficult, if not impossible, to achieve.

Their prime advantage is that they provide a meeting-place for the delegates of different countries, an opportunity for them to get to know one another, to explain their respective standpoints and thus to break down the prejudices that they may harbour against one another. They constitute a permanent international forum, where a common outlook can be shaped and a sense of universal responsibility strengthened. This is the only way of breaking down the inward-looking attitudes and narrow particularism of nations.

One is struck by the important role that the encyclical attributes to international conventions in the creation of a new world. They are to be the framework of future society, a juridical instrument suited to the diversified world society that is being built up. One of the scourges that hamper the development of human solidarity is the tendency of men and groups of men to turn in upon themselves, to concentrate entirely on their own self-centred interests, standing " in the way of mutually profitable understanding " [63]<sup>1</sup> and of co-operation between nations. It is the legislative activity of the United Nations and the other international institutions that can overcome these obstacles by inducing men and nations to look upon one another as equals and making this principle the cornerstone of the world community.<sup>2</sup> The conventions already adopted or now being prepared in the United Nations to eliminate racial discrimination and religious intolerance from international society <sup>3</sup> and to ensure the protec-

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<sup>1</sup> See also para. 19.

<sup>2</sup> See Paul VI's address to the United Nations in New York on 4 October 1965, in which he declared: "Here you are equals", (*La Documentation catholique* (Paris), Vol. LXII, 17 Oct. 1965, No. 1457, col. 1734).

<sup>3</sup> See T. SZMITKOWSKI: "La discrimination raciale et l'intolérance religieuse devant les organes des Nations Unies", in *Lumen Vitae* (Brussels), Vol. XXI, 1966, No. 3.

tion of human rights<sup>1</sup> are likewise an invitation to found every human society on the basic principle of equality. For its part, the International Labour Organisation has made contributions in this field, for example by initiatives in support of the struggle against discrimination in employment<sup>2</sup> and in favour of freedom of association<sup>3</sup>, setting up appropriate machinery for supervising the application of Conventions and thus providing the international community with the basic elements of a juridical system, without which it will never be able to develop a coherent structure.

But what is more novel in the encyclical is the express demand for the adoption of conventions in a field where the conflict of private interests has so far prevented international co-operation from taking root: in the words of the Declaration of Philadelphia, "the fuller and broader utilisation of the world's productive resources".<sup>4</sup> The Pope does not, indeed, deal with this problem *ex professo*. He merely indicates the way to approach one of the most delicate aspects of the question, that of trading relations between peoples. He bases his argument on an analogy: "The teaching of Leo XIII in *Rerum Novarum* is always valid: if the positions of the contracting parties are too unequal, the consent of the parties does not suffice to guarantee the justice of their contract. . . . Freedom of trade is fair only if it is subject to the demands of social justice. Moreover, this has been understood by the developed nations themselves, which are striving, by means of appropriate measures, to re-establish within their own economies a balance, which competition, if left to itself, tends to compromise." How then could they oppose such measures on the international plane or fail to seek, through negotiation and discussion, conditions that would "restore to the participants a certain equality of opportunity? In this area one cannot employ two systems of weights and measures. . . . Here again international agreements on a rather wide scale would be helpful: they would establish general norms for regulating certain prices, for guaranteeing certain types of production, for supporting certain new industries" [59-61]. Such instruments could not fail "to expand production and consumption. . . to promote the economic and social advancement of the less developed regions of the world".<sup>5</sup> The doctrine of the encyclical and the principles of the I.L.O. converge here: the "material well-being" and "spiritual development" of the peoples will be the fruit of "concerted, constant and courageous efforts" [55]. The challenge to man in the latter part of this century is to create the conditions without which the endeavours of men who want to progress by their own efforts will be vain.

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<sup>1</sup> See T. SZMITKOWSKI: "L'Année internationale des droits de l'homme", in *Projet* (Paris), No. 14, Apr. 1967.

<sup>2</sup> Discrimination (Employment and Occupation) Convention, 1958.

<sup>3</sup> Freedom of Association and Protection of the Right to Organise Convention, 1948.

<sup>4</sup> Declaration of Philadelphia, Part IV.

<sup>5</sup> *Ibid.*



Such an enterprise requires more than international conventions. As was amply shown in the encyclical *Pacem in Terris* (1963), the international community must be endowed with institutions with genuine world authority [51]. Their task would involve more than just the improvement of trade relations or assistance to parties in search of agreement. It would be for them to take the initiative in seeking "more far-reaching agreements to establish programmes for closer co-operation" [77], to organise aid over a period of years on the basis of careful study, selecting ends, reorganising efforts and foreseeing the future [50]. To fulfil these responsibilities, genuine world authority is indeed necessary, involving specialised institutions that would prepare, co-ordinate and direct international co-operation, "until finally there is established an order of justice which is universally recognised" [78].

"The establishment of a great *World Fund*, to be made up of part of the money spent on arms, to relieve the most destitute of this world" [51]<sup>1</sup> is an example of the Pope's wishes as regards new machinery. People who equate development with mere transfers of money from rich countries to poor countries and think of growth simply in terms of productivity will no doubt be surprised by the Pope's insistence on the role of bodies that are world-wide in scope, for these may seem to them much less effective than institutions established for purposes of bilateral or multilateral aid. Not that the Pope wishes the latter to disappear: he does not deny that they represent an improvement on the previous situation and allow "ties of dependence and feelings of bitterness, left over from the era of colonialism, to yield place to the happier relationship of friendship, based on a footing of constitutional and political equality" [52].<sup>2</sup> But he does not believe them capable of achieving the aims he has fixed for development. Economic independence has not invariably accompanied the winning of political autonomy, and just as steps have been taken to protect the workers' organisations, in view of their sometimes limited resources<sup>3</sup>, in order to ensure their independence of the State and strengthen them vis-à-vis the employers' organisations, so as to establish a balance between the parties in collective bargaining<sup>4</sup>, so also there must be international action to put the parties in international relations on an equal footing, in view of the way relations have been compromised by memories of former dependence and by present inequalities in economic strength. The intervention of an international authority would guarantee the disinterested nature of the aid afforded and would allay the beneficiaries' suspicion that political pressures were being exerted

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<sup>1</sup> See the encyclical *Pacem in Terris*, fourth part.

<sup>2</sup> See also paras. 50 and 77.

<sup>3</sup> Hence the adoption of the Freedom of Association and Protection of the Right to Organise Convention, 1948.

<sup>4</sup> Hence the adoption of the Right to Organise and Collective Bargaining Convention, 1949.

in a disguised but none the less oppressive form and that economic domination was being built up, which would not be exercised in the interests of their peoples [52].

Thus the international institutions provide the right machinery for establishing and maintaining genuine co-operation. The setting that these institutions provide for discussion and their own working methods encourage effective recognition of the equality of nations. From the debate on the means that are available and the needs that must be met can emerge the basic elements of a comprehensive policy that takes account of real needs and possibilities and a world-wide strategy for overcoming poverty and for progressively acquiring the means to do this, some of which are hardly conceivable outside the framework of the international institutions.

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In recent years the Church has issued many documents analysing the trends and problems of the contemporary world. The same situations have been referred to repeatedly, but each document has its own special approach, which reflects the main preoccupation inspiring its preparation. There can be no doubt that in the present case this concerns the link between development and peace: "The new name for peace is development" [87]. In his conclusion the Pope develops this idea, explaining it and giving reasons for his affirmation [76]. Injustice generates tensions and encourages the overthrow of the established order, which brings a risk of worse miseries. Peace is endangered by the injustice inflicted on some by the selfishness of others. By emphasising the urgency of the problems, by recalling the vision that must inspire their solution and by indicating the road to be followed and the institutions along this road, the encyclical *Populorum Progressio* constitutes an appeal for understanding among peoples for the common good of humanity.

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# Statutory Minimum Wage Fixing in the Sugar Industry of Mauritius

D. P. CHESWORTH <sup>1</sup>

THE PURPOSE of this article is to attempt to estimate the effects in Mauritius of the introduction of a system of statutory minimum wages in the sugar industry. The system took effect on 22 July 1963 for daily-paid workers and on 1 August 1963 for monthly-paid workers.<sup>2</sup>

Wage fixing and its results cannot be viewed in isolation, and the first part of the article therefore outlines the general situation of the sugar industry. The setting up of wage-fixing machinery is then described, and in the last part the Wages Regulation Orders and their effects, chiefly on earnings and employment, are analysed.

## The sugar industry

The economy of Mauritius depends almost entirely on sugar. The climate and soil are very well suited to this crop, and the country is a sugar island to an even greater extent than Barbados, Fiji or Hawaii. The sugar industry absorbs practically all local capital resources in the private sector and accounts for 98 per cent. of the total value of the island's exports.

In 1965 some 46 per cent. of the area of Mauritius was planted with sugar. What is even more significant, this represented 90 per cent. of the arable land. There is thus little scope for extending the area under cultivation, and increases in sugar production depend on raising the produc-

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<sup>1</sup> International Labour Office; formerly Chairman of the Wages Councils for the sugar industry in Mauritius.

For a companion article on statutory minimum wages in Tanganyika see *International Labour Review*, Vol. 96, No. 1, July 1967, pp. 43-66.

<sup>2</sup> Wages Regulation (Agricultural Workers employed in the Sugar Industry) Order, 1963 (Government Notice No. 59 of 1963), and Wages Regulation (Non-agricultural Workers employed in the Sugar Industry) Order, 1963 (Government Notice No. 60 of 1963).



tivity of the land, that is the yield of cane per arpent <sup>1</sup> and the yield of sugar from the cane.

The area harvested has varied little in recent years. Annual sugar production, on the other hand, has fluctuated, frequently because of adverse weather conditions. Cane and sugar yields per arpent are also affected to some extent by the structure of the industry. Rather more than half the land under sugar cultivation is concentrated in 23 estates, each with its own factory, and it is on these "millers' estates" that the yield is the highest: they account for over 60 per cent. of the cane harvested. The remaining land under sugar is in the hands of some 30,000 owner planters and tenant planters (metayers), many of whom work tiny holdings to supplement income from wages (see table I). For various reasons, including inferior soil and insufficient financial resources, the

TABLE I. DISTRIBUTION OF PLANTERS, BY SIZE OF HOLDING, 1965 CROP

Size of holding (arpents)	Owner planters		Tenant planters	
	Numbers	Arpents harvested	Numbers	Arpents harvested
0.01- 4.99 . . . . .	25 821	33 592	1 246	2 570
5.00- 9.99 . . . . .	1 684	11 394	202	1 310
10.00- 19.99 . . . . .	560	7 495	71	1 174
20.00- 29.99 . . . . .	173	4 150	9	207
30.00- 49.99 . . . . .	127	4 776	7	274
50.00- 99.99 . . . . .	85	5 438	7	532
100.00-199.99 . . . . .	35	4 605	3	444
200.00-499.99 . . . . .	34	9 974	1	249
500.00 and over . . . . .	6	5 453	—	—

Source: Mauritius Chamber of Agriculture: *The President's Report, 1965-1966* (Port Louis, 1966), Appendix, table 8.

small planters achieve considerably lower yields than the millers' estates; moreover, the inheritance laws are increasing the fragmentation of land, and the number of small holdings has recently been rising by about 1,000 a year.<sup>2</sup> The proportion of cultivated land held by millers is gradually increasing (from 52 per cent. in 1961 to 54 per cent. in 1965)<sup>3</sup>, and owner planters are making steady progress in improving their yields. Average productivity is therefore rising. Table II shows crop results including

<sup>1</sup> One arpent=1.043 acres.

<sup>2</sup> Colony of Mauritius: *Proposals and recommendations of the Wages Council for Agricultural Workers Employed in the Sugar Industry, 1965* (Port Louis, 1965), para. 62.

<sup>3</sup> Mauritius Chamber of Agriculture: *The President's Report, 1965-1966* (Port Louis, 1966), Appendix, table 3.

yields per arpent for the period 1961 to 1965. The general position of the industry was described recently by the Minister of Labour:

Mauritius still depends largely on a monoculture economy, namely sugar, whose production is subject to the vagaries of climatic conditions and whose price depends on the fluctuations of the world market. The decision of the United Kingdom to apply for membership of the Common Market has created in Mauritius a feeling of anxiety regarding the future arrangements for the disposal of our sugar at a remunerative price.<sup>1</sup>

TABLE II. CROP RESULTS, 1961 TO 1965

Year	Area harvested (arpents)		Canes produced (thousand metric tons)		Yield of cane per arpent (metric tons)			
	Millers	Planters	Millers	Planters	Millers	Owner planters	Tenant planters	Average
1961 . .	94 077	93 211	3 031	1 912	32.2	21.0	13.8	26.4
1962 . .	98 705	95 067	2 767	1 857	28.0	19.7	16.8	23.9
1963 . .	100 058	94 022	3 515	2 232	35.1	24.2	17.9	29.6
1964 . .	99 809	95 602	2 615	1 765	26.2	18.8	14.2	22.4
1965 . .	101 287	93 637	3 619	2 365	35.7	25.7	19.5	30.7

Source: Mauritius Chamber of Agriculture: *The President's Report, 1965-1966*, op. cit., Appendix, tables 2 and 3.

Specifically the industry's earnings are made up of several ingredients. The basic one is the revenue from sugar sold to the United Kingdom under the Commonwealth Sugar Agreement: for the years 1966, 1967 and 1968 Mauritius is entitled to sell 380,000 long tons<sup>2</sup> at £43.10s. a ton plus a further sum granted to less developed countries covered by the agreement, which in 1966 was expected to amount to £4 a ton.<sup>3</sup> A small quantity is sold to the United States at a price approaching the Commonwealth negotiated price, but under the terms of the United

<sup>1</sup> Speech by R. JOMADAR, Minister of Labour, on 20 June 1967 at the 51st Session of the International Labour Conference, Geneva (International Labour Conference, 51st Session: *Provisional Record*, No. 22, p. 242).

<sup>2</sup> One long ton=1.016 metric tons.

<sup>3</sup> It is not clear to what extent these favourable arrangements could continue on a long-term basis if the United Kingdom joined the European Economic Community, especially if Mauritius exercises its option, after the general election to be held in August 1967, for independence as distinct from its present status of British colony with internal self-government. See, for example, Lord CAMPBELL OF ESKAN: "Britain, sugar and the E.E.C.", in *Venture* (London), Vol. 19, No. 2, Feb. 1967, pp. 9-12; T. K. WARLEY: *Agriculture: the cost of joining the Common Market*, European Series No. 3 (London, Chatham House and P.E.P., 1967); speech by Sir Ian D. LYALL to the Annual General Meeting of Tate & Lyle Limited, reported in *The Times* (London), 23 Mar. 1967; speech by Lord HOWICK OF GLENDALE when presenting the annual report of the Commonwealth Development Corporation, reported in *The Guardian* (London), 25 May 1967; and speech by R. JOMADAR, loc. cit.

States Sugar Act this amounts at present to 13,812 tons only a year. Of the remainder, as much as possible is sold to the United Kingdom and Canada at prices related to that obtainable on the world market but generally—though not invariably—higher, since these two countries are preferential markets for Mauritius. Any sugar left after this is sold at the world market price.

All sales of sugar are undertaken by the Sugar Syndicate. From the proceeds the latter deducts selling charges and a levy for insurance against some of the effects of cyclones and droughts and then distributes the remainder to the producers in proportion to their production. It is important to note that the amount per ton paid to the producers is based on an average price. Moreover, the greater the sugar production, the smaller is the proportion sold at the highly favourable Commonwealth price. In an unpublished report prepared for the Mauritius Planning Unit W. A. B. Hopkin has described the difficulties resulting from this situation:

The mesmeric effect of the tradition of putting land under cane is reinforced by the bad effect of the pooling of sugar receipts through the Mauritius Sugar Syndicate; for under this system additional sugar output, which brings to the nation per ton only the world free market price, brings to the producer the *average* price, which is very considerably higher.

Since world prices tend to remain low while the production trend is always upwards, some of the sugar is in fact produced at a loss.

Apart from this information, the general financial position of the industry is not very easy to discover, particularly since public companies in Mauritius have not been under an obligation to publish profit and loss accounts. Such information as is available will be indicated later in this article when the effects of wage fixing are being discussed.

### **The creation of statutory wage-fixing machinery**

For some time before the enactment of the Wages Regulation Orders there had been considerable discussion about the effectiveness of collective bargaining in the sugar industry. Demands from certain quarters for intervention by the Minister of Labour were in part inspired by the fact that there had previously been a tradition of wage fixing and government-sponsored arbitration. The Minister was already empowered to establish wages councils if he was satisfied that no adequate machinery existed for the effective regulation of the remuneration or other conditions of employment of the workers in any trade, industry or occupation, or that existing machinery was likely to cease to exist or to be adequate for that purpose.<sup>1</sup>

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<sup>1</sup> Regulation of Wages and Conditions of Employment Ordinance, 1961 (No. 71 of 1961), section 4.



A commission of inquiry which examined the sugar industry in 1962 gave some consideration to the adequacy of the existing machinery and expressed the belief "that collective bargaining, despite superficial appearances, is not working satisfactorily. Those who need most protection seem to lack it most. Moreover, the disorganisation of labour's representation is such that we cannot accept the plea that it works in the best interest of the workers."<sup>1</sup> The commission recommended the establishment of a single wages board for all wages throughout the island.<sup>2</sup>

Two groups clearly were protected insufficiently. In 1963 over two-thirds of the workers engaged on millers' estates (who totalled between 28,900 and 38,600 that year)<sup>3</sup> were recruited and paid by job contractors. It was reported in 1961: "The worker recruited through the job contractor has little bargaining power and his conditions of service are ignored by the collective agreements covering terms and conditions of employment in the industry."<sup>4</sup> The second group, comprising the employees of planters, was in a similar unprotected position.

The employers generally, including in particular the Sugar Producers' Association, took the view that collective bargaining was adequate as regulating machinery.<sup>5</sup> These views were also held, though somewhat less strongly, by two of the trade unions catering for workers in the sugar industry.

However, the Minister of Labour was persuaded of the unsatisfactory working of the existing machinery, and in March 1963 he announced his intention of establishing wages councils. The opposition of the employers led him to obtain powers from the Legislative Assembly so that whenever he "is unable to secure the consent of suitably representative persons, whether to represent employers or workers or both, to serve on the council or board, such council or board may consist, as the case may be, of independent persons only or of independent persons and of such other persons as may have consented to represent employers or workers".<sup>6</sup> The employers having finally decided not to take part, two wages councils (one for agricultural and the other for non-agricultural workers) were set

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<sup>1</sup> T. BALOGH and C. J. M. BENNETT: *Commission of Inquiry (Sugar Industry)*, 1962, Mauritius Legislative Council, Sessional Paper No. 4 of 1963 (Port Louis, Government Printer, Nov. 1963), Ch. 9, para. 65.

<sup>2</sup> *Ibid.*, paras. 63-67. This recommendation has not been accepted and instead a number of separate wages councils covering various industries and occupations have been set up.

<sup>3</sup> Colony of Mauritius: *Annual Report of the Ministry of Labour and Social Security*, 1963 (Port Louis, Government Printer, Aug. 1964), Vol. I, p. 71, table XVII.

<sup>4</sup> J. E. MEADE *et al.*: *The economic and social structure of Mauritius. Report to the Governor of Mauritius*, Mauritius Legislative Council, Sessional Paper No. 7 of 1961 (Port Louis and London, Government Printer and Methuen & Co., 1961), Ch. 4, para. 15.

<sup>5</sup> Mauritius Chamber of Agriculture: *The President's Report, 1962-1963* (Port Louis, 1963), pp. 20-21.

<sup>6</sup> Regulation of Wages and Conditions of Employment (Amendment) Ordinance, 1963 (No. 2 of 1963), section 3.

up.<sup>1</sup> Their membership was identical and consisted entirely of independent persons.<sup>2</sup>

The wages councils started to function on 8 May 1963, and after many meetings with employers and trade union representatives, as well as other interested persons, they reported to the Minister, who made the consequent Wages Regulation Orders—one covering agricultural and the other non-agricultural workers—some two months later.<sup>3</sup> Certain matters which could not be included in the Wages Regulation Orders were the subject of separate legislation.

### **Effects of the Wages Regulation Orders and related measures**

The effects of the Wages Regulation Orders and certain other enactments concerning labour in the sugar industry were not confined to wages. Other conditions of work, the level of employment, productivity, the industry's wages bill and hence its financial position were also involved.

### **The workers' earnings**

While the wages councils were carrying out their investigations, the report of the commission of inquiry into the sugar industry, to which reference has already been made, was being prepared for publication. This report contained a number of recommendations concerning wage policy. The commissioners recognised that, on the basis of need, there was a substantial case for an upward revision of earnings, achieved primarily through added job security during the periods between harvests; on the other hand, they stressed the need to diversify the island's economy by deploying some of the sugar industry's earnings outside the industry; a policy of wage restraint<sup>4</sup> must therefore be accompanied by assurances to the workers that there would be a planned expansion of employment. The commissioners added that their recommendations were "conditional upon the acceptance by the Government of a planned expansion programme, the institution of an effective co-ordinating body in the government machine, supplied with an effective civil service secre-

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<sup>1</sup> Wages Council (Agricultural Workers employed in the Sugar Industry) Order, 1963 (Government Notice No. 24 of 1963), and Wages Council (Non-agricultural Workers employed in the Sugar Industry) Order, 1963 (Government Notice No. 25 of 1963). See *Annual Report of the Ministry of Labour and Social Security, 1963*, op. cit., Vol. I, paras. 106-107.

<sup>2</sup> The author of this article, who had already had experience in the field of statutory wage fixing elsewhere, was the Chairman and the other two members were Mr. L. E. Honoré, Director of the Central Statistical Office, and Mr. R. Burrenchobay, a senior lecturer in agriculture. In the autumn of 1965 a retired Judge of the Supreme Court was appointed Chairman.

<sup>3</sup> Colony of Mauritius: *Proposals and recommendations of the Wages Councils for Agricultural and Non-agricultural Workers Employed in the Sugar Industry, 1963*.

<sup>4</sup> Also recommended by MEADE, op. cit., Ch. 2, paras. 21-28.

tariat, to plan and carry out such a programme ” and upon “ the acceptance of a fiscal programme calculated to increase and control the resources flowing from the sugar industry to the development of other industries and to restrain dividends ”.<sup>1</sup>

Having noted the commission’s recommendations the sugar wages councils took steps to discover whether these recommendations, together with the conditions upon which they depended, were acceptable to the Government. They learned that the Government did not propose to adopt the commission’s recommendations with regard to wages policy, and the terms of the Minister of Labour’s advice led them to report:

During the course of our inquiries the Balogh Report was published, and we were greatly helped by the information given and the recommendations made. A Sugar Wages Council, however, is neither the Executive Council nor Legislative Council, and it is clearly not for us to decide the various policy matters posed by this important report. It only requires to be said that our recommendations have been made in the belief that what we are proposing entirely harmonises with the general economic policies of the Government.<sup>2</sup>

The councils set themselves the task of making recommendations for wage increases which could reasonably be met in a future average year, basing them on the assumption made by the commission that there would be no reduction in the size of the labour force as a result of the wages councils’ proposals (this being contrary to public policy) and that there would be no major increase in distributed profits, and accepting that some part of the industry’s extra earnings should be devoted to development projects inside and especially outside the sugar industry.<sup>3</sup>

Although the calculations on which the wages councils made their proposals have not been published in detail, these were based on the expectation that, in future, annual sugar production would average at least 600,000 tons, and that some 60 per cent. would be sold at the Commonwealth negotiated price and the remainder at the average price over the immediately preceding years excluding the exceptional years of 1960 and 1963.

The two Wages Regulation Orders provided for a general increase in wages of about 25 per cent. for agricultural workers and about 30 per cent. for non-agricultural workers. The wages and conditions of employment of the staff grades in the industry, which had hitherto never been regulated other than by voluntary agreement, were now covered by the Wages Regulation Order for non-agricultural workers, and these grades were given an increase of approximately 10 per cent.<sup>4</sup>

Table III gives the minimum wages fixed by the orders.

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<sup>1</sup> BALOGH and BENNETT, *op. cit.*, Ch. 9, paras. 8-11.

<sup>2</sup> *Proposals and recommendations of the Wages Councils . . . 1963*, *op. cit.*, p. 1.

<sup>3</sup> *Ibid.*, pp. 1-2.

<sup>4</sup> *Annual Report of the Ministry of Labour and Social Security, 1963*, *op. cit.*, Vol. I, p. 16, para. 110.



As far as daily-paid workers are concerned, Classes I and II refer to categories of work, the greater number of these workers being in Class II. It will be noticed that the principle of equal pay for equal work was not applied with respect to women workers. The rates laid down for the cutting and loading of sugar cane varied, depending on the circumstances.

As mentioned earlier, a large proportion of the daily-paid workers employed on millers' estates were recruited and paid by job contractors, an arrangement which minimised the direct responsibility of the millers for much of their work force, though there remained a residual responsibility for payment of wages in the event of default by a job contractor. The system had been strongly criticised for its liability to subject workers to fraud, amongst other reasons.<sup>1</sup> The sugar wages councils recommended its abolition: they suggested that the job contractors' recruiting functions should be taken over by a labour clearing-house system and that payment of all workers employed on estates should be undertaken directly by the

TABLE III. MINIMUM WAGES FIXED FOR WORKERS EMPLOYED IN THE SUGAR INDUSTRY BY THE WAGES REGULATION ORDERS, 1963

Category of worker	Minimum wages (in rupees)	
	Monthly- paid workers	Daily-paid workers
<i>Factories :</i>		
Men: Class I . . . . .	113.50	5.70
„ Class II . . . . .	101.50	5.00
Women . . . . .	75.25	2.75
Young persons (male) . . . . .	75.25	2.75
<i>Supervisors :</i>		
Men <i>sirdars</i> (foremen) . . . . .	140.00	7.50
Class I . . . . .	132.75	7.10
Class II . . . . .	110.50	6.50
<i>Field labourers :</i>		
Men: Class I . . . . .	113.50	6.50
„ Class II . . . . .	101.50	5.00
Women: Class I . . . . .	75.25	3.25
„ Class II . . . . .	67.25	2.75
Young persons: Class I . . . . .	75.25	} 2.75
„ „ Class II . . . . .	67.25	
Children . . . . .	52.50	1.75

<sup>1</sup> See, for example, R. W. LUCE: *Report to the Government of Mauritius on employment, unemployment, and underemployment in the Colony in 1958, together with report on an investigation into the wages and conditions of employment of labourers and artisans in the sugar industry*, Mauritius Legislative Council, Sessional Paper No. 7 of 1958 (Port Louis, Government Printer, Sep. 1958), pp. 27-29; MEADE, *op. cit.*, Ch. 4, paras. 11-20; and BALOGH and BENNETT, *op. cit.*, Ch. 9, paras. 30-36.

employers.<sup>1</sup> The latter recommendation was accepted by the Government and included in the Wages Regulation Orders. Its implementation was, however, postponed initially until 1 January 1964 and subsequently for further periods.<sup>2</sup>

The only comprehensive information available concerning the sugar workers' earnings relates to the wages bill of millers with estates. In examining these figures account must be taken of the fact that the amount of work to be performed fluctuates considerably from one year to another, depending on the size of the crop, the weather, and other factors. Before the harvest, trash is normally removed twice from the cane. During harvest time not only cutting and loading but also overtime worked in the mills are all directly related to the quantity of cane. To illustrate the

TABLE IV. WAGES BILLS ON MILLERS' ESTATES, 1962 AND 1964 TO 1966<sup>1</sup>  
(millions of rupees)

Month	1962	1964	1965	1966 <sup>2</sup>
Jan. . . . .	3.8	3.8	4.0	—
Feb. . . . .	4.3	5.0	4.9	—
Mar. . . . .	4.1	5.0	5.4	—
Apr. . . . .	4.2	5.8	5.1	—
May . . . . .	4.9	5.5	5.0	—
June . . . . .	4.2	5.4	5.6	—
<b>Jan.-June . . . . .</b>	<b>25.5</b>	<b>30.5</b>	<b>30.0</b>	<b>31.3</b>
Index . . . . .	(100)	(119.6)	(117.6)	(122.7)
July . . . . .	5.2	6.9	6.7	—
Aug. . . . .	6.9	7.2	7.5	—
Sep. . . . .	5.4	8.2	8.2	—
Oct. . . . .	6.7	7.9	7.5	—
Nov. . . . .	6.2	6.5	7.3	—
Dec. . . . .	7.4	9.9	10.8	—
<b>July-Dec. . . . .</b>	<b>37.8</b>	<b>46.6</b>	<b>48.0</b>	<b>46.4</b>
Index . . . . .	(100)	(123.3)	(127.0)	(122.8)
<b>Jan.-Dec. . . . .</b>	<b>63.3</b>	<b>77.1</b>	<b>78.0</b>	<b>77.7</b>
Index . . . . .	(100)	(121.8)	(123.2)	(122.8)

Source: Colony of Mauritius: *Proposals and recommendations of the Wages Council for Agricultural Workers Employed in the Sugar Industry, 1965* (Port Louis, 1965), para. 10, and letter from Central Statistical Office, 17 Apr. 1967.

<sup>1</sup> Excluding staff wages. <sup>2</sup> In 1966 the basis for the monthly figures changed: it now referred to four-weekly or five-weekly periods ending on the last Wednesday of each month. The figures for each month are therefore not strictly comparable with those in earlier years.

<sup>1</sup> *Proposals and recommendations of the Wages Councils . . . 1963*, op. cit., p. 6.

<sup>2</sup> *Annual Report of the Ministry of Labour and Social Security, 1963*, op. cit., Vol. I, p. 15, para. 109.

degree of fluctuation in the quantity brought to the mills on estates it may be mentioned that in 1964 it was 2,615,000 metric tons and in 1965, 3,619,000 metric tons.<sup>1</sup>

Table IV shows the wages bills for the years 1962 and 1964-66 broken down into months and six-monthly periods.

It should be remembered that the crop is not harvested at all during the first six months of the year, while the number of days on which the cane is crushed in the second six-monthly period varies considerably from year to year, and the crop is always gathered in substantially less than six months.

Fluctuations in the monthly wages bill do not necessarily indicate changes in numbers employed, since other factors such as overtime, the number of working days, and the number of statutory holidays payable at minimum rates also affect the monthly total. Furthermore, the payments for annual leave to regular workers, resulting from the Wages Regulation Orders, will have been included in the December wages bill in 1964 and 1965, even though the leave will have been taken at least partially in the following year in each case.

In terms of quantity of cane harvested the years 1962 (2,767,000 metric tons) and 1964 (2,615,000 metric tons) can usefully be compared. Table V shows that the wages bill in 1964 was about 23 per cent. heavier than in 1962. Indeed, proportionately this percentage is a little understated, since the 1964 crop was about 5 per cent. less than that of 1962. It appears that although the total increase in the wages bill following the enactment of the Wages Regulation Orders remained extremely stable, the difference between the wages bill for the first six-monthly period and that for the second has fluctuated from year to year. The bill for the six-monthly period including the harvest is, however, always the higher, and, moreover, the difference between the bills for the two six-monthly periods is not as great as appears at first sight, since, as already mentioned, pay-

TABLE V. MILLERS WITH ESTATES: CANES CUT AND LOADED, AND WAGES BILL FOR DAILY-PAID WORKERS, 1962 TO 1966

	(Indices)	
	Canes cut and loaded	Wages bill for second six months of the year
1962 . . . . .	100	100
1963 . . . . .	127	— <sup>1</sup>
1964 . . . . .	95	123
1965 . . . . .	131	127
1966 . . . . .	106	123

Source: Derived from Mauritius Chamber of Agriculture: *The President's Report, 1965-1966*, op. cit., and correspondence with Central Statistical Office, 1967.

<sup>1</sup> Not available.

<sup>1</sup> Mauritius Chamber of Agriculture: *The President's Report, 1965-1966*, op. cit., Appendix, table 2.



ments for annual leave, some of which is taken in January, are made in the preceding December.

As is shown in table V, the size of the wages bill for the six-monthly period including the harvest does not vary proportionately with the size of the crop.

What is the explanation for this? In some years such as 1962 and 1964 bad climatic conditions resulted in a smaller-than-average cane harvest. This is, however, not reflected proportionately in the size of the wages bill nor in the number of daily-paid man-days' employment. After a cyclone there are clearing up activities and gathering in the harvest is certainly much more laborious. On the other hand, when there is an especially large crop to be cut and loaded, as in 1963 and 1965, it is likely that as many workers as possible will be engaged in cutting and loading and that other, less urgent agricultural work is either not done or at least put off for a while. This will have the effect that increases in wages and employment will not rise proportionately in response to a bumper crop.

Thus to examine the effects of the Wages Regulation Orders it is necessary to select periods which are broadly comparable. For this purpose it is appropriate to take the second six-monthly periods including the harvest of the years 1962, 1964 and 1966. These were all years with smaller-than-average harvests of about the same size.

There was 5 per cent. less cane cut and loaded in 1964 than in 1962, but the wages bill increased by 23 per cent. for the six-monthly period including the harvest. This must be largely attributable to the Wages

TABLE VI. WAGES AND EARNINGS INDICES FOR MONTHLY-EMPLOYED ARTISANS ON MILLERS' ESTATES, 1961 TO 1965 <sup>1</sup>

Occupation <sup>2</sup> (Class I in all cases)	Weighted index of earnings					
	1959 = 100					1962 = 100
	1961	1962	1963	1964	1965	1963
Fitter . . . . .	99	101	118	118	118	116.8
Pan boiler . . . . .	99	107	121	122	123	113.1
Motor mechanic . . . . .	102	103	121	119	119	117.5
Blacksmith . . . . .	99	101	123	124	124	121.8
Carpenter . . . . .	99	100	122	123	124	122.0
Boiler maker . . . . .	93	101	122	124	124	120.0
Motor driver . . . . .	102	107	137	137	137	128.0
Locomotive driver . . . . .	101	101	124	125	125	122.8
Mill driver . . . . .	101	102	130	130	130	127.5

Source: Colony of Mauritius: *Annual Report of the Ministry of Labour, 1965* (Port Louis, Government Printer, July 1966), Vol. I, p. 39, table VI.

<sup>1</sup> End-of-year bonus is included; apart from this, earnings are sometimes in excess of the statutory minimum rate, and this is reflected in the indices. <sup>2</sup> Classification according to Wages Regulation Orders.

Regulation Orders taking effect in 1963. In 1966, 6 per cent. more cane was cut and loaded than in 1962, but the wages bill for the second six months remained the same as in 1964.

Only limited information is available concerning average individual earnings. Table VI gives those of artisans employed on a monthly basis. The majority of artisans are on monthly terms so that the figures are a reasonable indication of their position.

The labourers' position is more complicated since the published figures merely indicate the increases prescribed in the Wages Regulation Orders (see table VII). These figures show reasonably accurately the position of the minority comprising labourers on monthly terms. They are of limited significance in the case of daily-paid workers, since their earnings in respect of cutting and loading cane at rates laid down in the relevant order will almost invariably be greater than the prescribed minimum daily rate.

TABLE VII. WAGES AND EARNINGS INDICES FOR MALE LABOURERS  
EMPLOYED ON MILLERS' ESTATES, 1961 TO 1965

Occupation <sup>1</sup>	Index of wage rates					
	1959 = 100					1962 = 100
	1961	1962	1963	1964	1965	1963
<i>Field or factory :</i>						
Monthly-employed: Class I . . .	107	107	134	134	134	125.2
"          "          " II . . .	107	107	134	134	134	125.2
<i>Field :</i>						
Daily-employed: Class I . . .	107	107	135	135	135	126.1
"          "          " II . . .	107	107	131	131	131	122.4

Source: *Annual Report of the Ministry of Labour, 1965*, op. cit., Vol. I, p. 40, table VI.

<sup>1</sup> Classification according to Wages Regulation Orders.

It should be noted that the indices for monthly-paid labourers include regularity and end-of-year bonuses. The indices for the daily-paid labourers are based on the minimum rates prescribed in the Wages Regulation Orders; they do not take into account the fact that some labourers may not complete a "diligent day's work" and consequently not be entitled to the statutory adult minimum wage of 5 rupees.

Since real earnings can be assessed only in relation to the cost of living, it is of interest to mention that, taking 1963 as the base year, the general consumer price index was 101.8 in 1964, 103.7 in 1965 and 106.3 in 1966, while the food price index in those years was 102.9, 103.9 and

105.9 respectively.<sup>1</sup> Wage increases were therefore substantially greater than the increases in consumer prices.

### Other conditions of work

Mauritius legislation provided that wages councils should have powers to make recommendations not merely on wages but also on other conditions of employment.<sup>2</sup> In fact the wages provisions of the Wages Regulations Orders and linked legislation directly affected such matters as hours of work and holidays. In the first place the orders gave statutory effect to the terms of employment contained in earlier negotiated agreements in the sugar industry. Further, they stipulated that the minimum wage rates (shown in table III) were payable to those engaged on task work who remained at work for six-and-a-half hours on a weekday or five hours on a Saturday, or who finished their task. Following recommendations by the wages councils in 1965 maximum hours of task work were reduced to six on weekdays, which conformed with normal practice. Workers not employed on task work were to receive the minimum wage for eight hours' work on weekdays and five hours on Saturday. (Meal breaks are excluded.)

The Wages Regulation Orders provided that any worker with an 80 per cent. attendance record with the same employer during crop time should be entitled to be paid at the relevant minimum rate for all estate holidays (previously taken on an unpaid basis by daily-paid workers) and for five days' annual leave to be taken at the New Year.

### Employment and unemployment

At the most recent census taken on 30 June 1962 the population numbered 681,619 (342,306 males and 339,313 females). The total of eco-

TABLE VIII. ECONOMICALLY ACTIVE POPULATION AND NUMBERS EMPLOYED IN THE SUGAR INDUSTRY, BY SEX, 30 JUNE 1962

Sex	Economically active	Employed in the sugar industry	
		Numbers	Percentage of economically active
Males . . . . .	154 085	47 374	30.7
Females . . . . .	33 316	11 779	35.3
Both sexes . . . .	187 401	59 153	31.7

Source: Central Statistical Office: *1962 Census*.

<sup>1</sup> I.L.O.: *Year Book of Labour Statistics*, 1966 (Geneva, 1966), table 25, and additional information.

<sup>2</sup> Ordinance No. 71 of 1961, section 9.



nomically active persons and the numbers employed in the sugar industry are indicated in table VIII.

As the census was held before the sugar harvest got under way, the numbers recorded as employed are lower than they would have been at the peak of the harvest. Traditionally there has been considerable fluctuation between the numbers employed from one month to another and particularly between harvest time (known as "crop") and the rest of the year (known as "intercrop"). The length of the crop and intercrop periods varies from year to year and from one factory area to another, depending on the quantity of cane for crushing. Table IX illustrates these fluctuations.

In recent years there has been a rise in unemployment. This was described by W. A. B. Hopkin in November 1965 as follows:

There was a time, not very long ago, when the sugar industry, together with administration and other local service industries, could absorb substantially the whole of the labour force of Mauritius. Further, the advantages of Mauritius for sugar production were such as to afford to the population so employed a level of income which, though much lower than that of the advanced industrial countries, was much higher than that of other undeveloped countries in Africa and Asia. With the rapid growth of population since 1948 this equilibrium has been disturbed. Sugar cannot absorb any substantial increase above its present labour force. . . .

TABLE IX. CROP AND INTERCROP EXPRESSED IN WORKING DAYS :  
VARIATIONS AMONG FACTORY AREAS, 1962/63 TO 1965/66  
(Assuming 294 working days per year)

Year	Average number of crushing days	Intercrop	Minimum number of crushing days	Intercrop	Maximum number of crushing days	Intercrop
1962-63 . . . .	116	178	82	212	136	158
1963-64 . . . .	123	171	95	199	149	145
1964-65 . . . .	100	194	81	213	120	174
1965-66 . . . .	127	167	—	—	—	—

Source: *Proposals and recommendations of the Wages Council . . . 1965*, op. cit., para. 86.

The extent to which the equilibrium has been disturbed is illustrated by table X. The total population is estimated to be growing by nearly 20,000 (or 3 per cent.) a year, and at the end of June 1966 it had reached 749,000.

In view of the growing problem of unemployment the wages councils were anxious to maintain at least the existing level of employment in the sugar industry, particularly during intercrop, and at the same time to help create a more stable work force in which there would be greater security

TABLE X. ESTIMATES OF CHANGES IN THE ECONOMICALLY ACTIVE MALE POPULATION, 1962 TO 1967 AND 1967 TO 1972<sup>1</sup>

	1962-67	1967-72
Accessions . . . . .	39 700	48 400
Withdrawals . . . . .	14 300	14 800
of which : by death . . . . .	8 700	8 800
by retirement . . . . .	5 600	6 000
Net increase . . . . .	25 400	33 600
Replacement ratio <sup>2</sup> . . . . .	278	327

Source: *Proposals and recommendations of the Wages Council . . . 1965*, op. cit., para. 36.

Note: The calculations assume a mortality rate as in projection A given by R. M. TITMUSS and Brian ABEL-SMITH in *Social policies and population growth in Mauritius. Report to the Governor of Mauritius*, Mauritius Legislative Council, Sessional Paper No. 6 of 1960 (Port Louis and London, Government Printer and Methuen & Co., 1960 and 1961). They also assume that the proportion of economically active persons in each age group would remain as in 1962.

<sup>1</sup> Economically active includes both employed and unemployed.      <sup>2</sup> Defined as the number of accessions per 100 withdrawals.

of employment than had been the case under the previous system of daily-paid work. They reported:

Any scheme entitling workers to intercrop employment ought reasonably to strongly encourage regular attendance during crop time, since the shorter the period taken to harvest the crop the higher will be the extraction rate. The greater the production of sugar, the more that will be available for wages and development projects. Consequently, we have come to the conclusion that any workers with an 80 per cent. attendance record with an employer during crop time should be entitled to full employment during intercrop time. . . . This should also encourage continuity of employment with the same employers, thus moving towards decasualisation.<sup>1</sup>

For technical reasons it was not possible to include such a provision in the Wages Regulation Orders. Instead it was the subject of a special ordinance<sup>2</sup> which provided that all workers with an 80 per cent. attendance record with an employer during crop time should be entitled to full employment during intercrop time and that workers who had worked more than 70 per cent. but less than 80 per cent. of the number of working days during crop should be entitled to proportionate employment during intercrop. This applied only in cases where the employer cultivated 25 arpents or more.

The sugar wages councils reviewed the working of these arrangements in considerable detail in 1965, since there were requests that the employers' liabilities should be extended, on the one hand, and, on the other, that their liabilities should be revoked or reduced. The councils reported:

Since any change would require, to become effective, amendment to the Security of Employment Ordinance, our own preference is that the amendment should remove the present obligations, and substitute power to the Minister of Labour to make an annual order at any time during crop time specifying entitlement to intercrop employ-

<sup>1</sup> *Proposals and recommendations of the Wages Councils . . . 1963*, op. cit., pp. 8-9.

<sup>2</sup> Security of Employment (Sugar Industry) Ordinance (No. 28 of 1963).

ment. It could be a requirement on the Minister to receive a proposal annually from the Wages Councils, or some other independent body, thus ensuring that the necessary consultations with employers and unions, and statistical exercises had been carried out, but in any case we think that if this approach was acceptable, it would be essential to write into the ordinance that the employers' total global obligations should in each year not be greater than the average obligations as expressed in intercrop man-days' employment over the three years previous to the making of each annual order.<sup>1</sup>

This flexibility did not commend itself to the Minister of Labour, and the Security of Employment Ordinance was amended to provide that all workers who had worked for the same employer for less than 80 per cent. but more than 55 per cent. of the number of working days during the harvest were entitled to employment on four working days per week during the following intercrop. In the case of workers with more than 80 per cent. attendance, the weekly number of days of intercrop employment was reduced from six to five.<sup>2</sup>

The object of this amendment was to share the work available among a greater number of individual workers. The ordinance was further amended in the middle of the 1966 crop so that those workers who had worked for the same employer for 80 per cent. of the days of the harvest would again be entitled to employment on six days of each week of the intercrop.<sup>3</sup>

Earlier in this section of the article a brief indication was given of the employment position in 1962. Some idea of the current situation can be obtained from a comprehensive survey—the first of its kind—undertaken by the Central Statistical Office in April and September 1966.<sup>4</sup> This covers sugar cane plantations harvesting 25 arpents or more and non-agricultural establishments employing at least ten persons on the day of the survey. It excludes domestic servants. Figures from the survey are reproduced in table XI.

The changes in employment between April and September result mainly from an increase in the numbers employed in the sugar industry to deal with the harvest: 1,525 additional workers, of whom 1,095 were employed by millers with estates; some 820 extra dockers, stevedores and lorry drivers to deal with the sugar crop; and 2,895 extra workers employed by central and local government services, of whom 2,011 were "relief workers"—the number of whom consequently increased to 19,043.<sup>5</sup>

Since the coverage is different from that of table VIII giving the results of the 1962 census, a strict comparison of the two years is not

<sup>1</sup> *Proposals and recommendations of the Wages Council . . . 1965*, op. cit., para. 94.

<sup>2</sup> Ordinance No. 29 of 1965.

<sup>3</sup> Ordinance No. 1 of 1966.

<sup>4</sup> Colony of Mauritius: *A survey of employment and earnings in large establishments*, No. 1, 28 Apr. 1966, and No. 2, 29 Sep. 1966 (Port Louis, Central Statistical Office).

<sup>5</sup> Relief workers are for the most part employed for four days per week and paid at the same minimum labourer's rate as prescribed in the Wages Regulation Orders.



TABLE XI. EMPLOYMENT BY MAJOR INDUSTRIAL GROUP IN 1966 <sup>1</sup>

Industrial group	Total number of persons employed on the last Thursday of:		Index of change (April = 100)
	April 1966	September 1966	
Agriculture . . . . .	55 212	56 647 <sup>2</sup>	102.5
Sugar . . . . .	51 868	53 493	103.1
Tobacco . . . . .	1 278	1 100	86.1
Tea . . . . .	1 897	1 840	97.0
Other . . . . .	169	173	102.4
Mining and quarrying . . . . .	159	157	98.7
Manufacturing . . . . .	6 850	7 031	102.6
Construction . . . . .	2 727	2 442	89.5
Electricity . . . . .	1 311	1 319	100.6
Commerce . . . . .	2 961	3 100	104.6
Transport, storage and communication . . . . .	4 102	4 955	120.7
Services . . . . .	45 849	48 728	106.3
Activities not adequately described . . . . .	97	100	103.0
All groups . . . . .	119 268	124 479	104.4

Source: Colony of Mauritius: *A survey of employment and earnings in large establishments* (Port Louis, Central Statistical Office), No. 1, 28 Apr. 1966, table 3, and No. 2, 29 Sep. 1966, table 5.

<sup>1</sup> 484 persons employed in nine establishments which did not respond in April have been excluded from the table so as to show the changes which took place between April and September.

<sup>2</sup> Not adjusted to correspond to the figures for the various crops.

possible. It must also be remembered that a great deal of economic activity is carried out on a small scale, and to this extent table XI is incomplete. Although the increase in September employment in the sugar industry appears to be less than in recent years, the table does illustrate the importance of the industry in the economy as a whole and particularly with regard to employment. A great deal of other employment is directly linked with sugar though not coming strictly within the industry.

The Mauritius Development Programme envisaged annual increases in permanent employment opportunities as follows: 2,400 in 1965-66; 3,600 in 1966-67; and 6,400 in 1967-68.<sup>1</sup> It does not appear that the hopes for 1965-66 were fulfilled, and the survey of employment and earnings does not reveal any increase in permanent employment between April and September 1966.<sup>2</sup> Most new entrants arrive in the labour force at less

<sup>1</sup> *Public sector development programme, 1966-70*, Mauritius Legislative Assembly, Sessional Paper No. 4 of 1966 (Port Louis, Government Printer, May 1966), p. 2, table 1. This document was published with the following word of caution: "The employment projections . . . should . . . be regarded as provisional and subject to refinement in the light of the Planning Unit's continuing work" (p. 1).

<sup>2</sup> *A survey of employment and earnings . . .*, No. 2, op. cit., table 3.

than 18 years, when within the “ young persons ” category. As shown in table XII, the survey suggests that there was no increase in the employment of young persons between April and September 1966.

TABLE XII. TOTAL EMPLOYMENT IN 1966

Category	April		September	
	Thousands	Per cent.	Thousands	Per cent.
Adults:				
Males . . . . .	90.4	75.8	95.3	76.5
Females . . . . .	22.4	18.8	22.8	18.3
Young persons . . . . .	6.4	5.4	6.4	5.2
All categories . . .	119.2	100.0	124.5	100.0

Source: *A survey of employment and earnings . . .*, No. 2, op. cit., table 3.

From the estimates of change in the economically active male population set out in table X, it appears that for every withdrawal from the labour force since 1962, three new workers will have entered it. It is reasonable to assume that after normal vacancies resulting from retirement and death are filled by new entrants there remain each year 5,000 young men (from 1967-68 onwards about 6,700) eligible for work but for whom there is at present no regular employment available in Mauritius. The 1962 census revealed, moreover, that 9,700 men who had already worked were unemployed and that a further 8,500 men between the ages of 15 and 24 years were not attending school, had never worked and were presumably seeking their first jobs. It will be noted that the above-mentioned calculations concerned males only, since it was supposed that employment possibilities for women were too few to allow meaningful calculations.

Reporting on the 1962 harvest the President of the Chamber of Agriculture complained of the time it had taken to gather the crop:

It seems that such lengthening of the sugar season must be explained first in terms of shortage and uneven distribution of labour. The fact that in a wholly agricultural country with a rapidly expanding population agricultural labour becomes harder to find, may appear paradoxical but it is being experienced and faced by the sugar industry with growing concern. . . . Besides labour shortage and uneven distribution, one could mention absenteeism which shows no sign of abating. . . . Finally, it would seem that the duration of the sugar crop has lately been affected by a sharp decline in labour productivity.<sup>1</sup>

Earlier Meade had noted the “ recurrent shortage of labour for work on the sugar and tea estates and difficulty experienced during March and

<sup>1</sup> Mauritius Chamber of Agriculture: *The President's Report, 1962-1963*, op. cit., p. 4.

April 1960, after Cyclone Carol, in obtaining labourers (and other grades) for repair and rebuilding work".<sup>1</sup>

This apparently contradictory situation was due to the fact that agricultural field work was extremely unpopular, especially amongst young people of primary and secondary education. Titmuss and Abel-Smith reported that "despite unemployment, the industry is not attracting young workers. In consequence its labour force is aging."<sup>2</sup> Meade described this distaste for manual work as leading young people to prefer living "on the exiguous earnings of parents or other family workers rather than work with their hands". He and his fellow commissioners thought that this distaste was "often strengthened—in the case of young Creoles and Indians at least—by the knowledge that advancement beyond field foreman or factory artisan is virtually impossible for them under present conditions".<sup>3</sup>

It is significant that following the coming into force of the Wages Regulation Orders there was a slight trend towards increased employment and there ceased to be complaints about the shortage of labour. In particular there was a small increase in the number of young persons employed in the sugar industry.

In order to try to assess the employment effects of the wages legislation in greater detail it is useful to examine separately the positions with regard to millers with estates and planters respectively. The sugar millers employ about 60 per cent. of the agricultural labour force in the sugar industry during the months of highest employment. The planters' proportion of 40 per cent. is divided roughly equally between the large and small planters.<sup>4</sup> Although the sugar wages councils reported that for their detailed purposes the employment figures up to 1965 for those employed by planters with less than 50 arpents were useless<sup>5</sup>, the above percentages are generally accepted in Mauritius, though inevitably the estimates of numbers employed by small planters are based on intelligent guesswork.

As indicated earlier, the new legislation provided that those working on at least 80 per cent. of the days of harvest time were entitled to be offered employment during the whole of the rest of the year. These arrangements were intended to ensure that at least as many man-days' work were offered during intercrop as before the Wages Regulation Orders and that regular workers during crop would be certain of substantial employment during intercrop.

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<sup>1</sup> Op. cit., Ch. 4, para. 3.

<sup>2</sup> Op. cit., p. 10.

<sup>3</sup> Op. cit., Ch. 4, para. 9.

<sup>4</sup> Letter of 22 April 1963 from the Mauritius Chamber of Agriculture to the Ministry of Labour, published in Mauritius Chamber of Agriculture: *The President's Report, 1962-1963*, op. cit., Appendix B.

<sup>5</sup> *Proposals and recommendations of the Wages Council . . . 1965*, op. cit., para. 59.



The sugar wages councils initiated comprehensive inquiries, which showed the number of man-days' employment given by millers with estates for daily-paid workers—this being particularly significant, since monthly employment is reasonably stable. This information is only available from the beginning of 1963. The most up-to-date figures appear in table XIII.

TABLE XIII. EMPLOYMENT GIVEN BY MILLERS WITH ESTATES  
FOR DAILY-PAID WORKERS, 1963 TO 1966  
(Thousand man-days)

Year	Jan.-June		July-Dec.		Total	
	Numbers	Index	Numbers	Index	Numbers	Index
1963 . . .	4 149	100	5 799	100	9 948	100
1964 . . .	4 492	108.3	5 796	99.9	10 288	103.4
1965 . . .	4 506	108.6	5 651	97.4	10 157	102.1
1966 . . .	4 400	106.0	5 228	90.2	9 628	96.8

Source: *Proposals and recommendations of the Wages Council . . . 1965*, op. cit., para. 42; and communications from Central Statistical Office, dated 1 Feb. and 17 Apr. 1967.

The sugar crop in 1963 was of quite exceptional size, from which it can be supposed that the numbers employed will not have been less than in the immediately preceding years. The Wages Regulation Orders took effect early in the second half of 1963, and it is of interest to see to what extent millers with estates may have attempted to meet the increased cost of labour by reducing man-days' employment. Table XIII shows that in the first half of the year the level of employment was actually higher in 1964-66 than in 1963. This may partly be a reflection of the working of the Security of Employment Ordinance entitling regular harvest workers to employment during the rest of the year. In the second six-monthly period of 1965 there was a small reduction, which became pronounced in 1966. Over-all there was an increase in man-days' employment in 1964 and 1965 but a falling off, attributable to the second half of the year, in 1966.

In view of the obligation imposed on employers to offer employment during intercrop to workers who attend regularly during the previous harvest it is relevant to examine the relationship thus far between the number of days' employment actually undertaken in each of the six-monthly periods. If employment in the second half of each of the years 1963-65 is taken as 100, the index of employment in the first half of each of the years 1964-66 respectively is: 77.4, 77.7 and 77.8.

There are, of course, considerable variations between one estate and another during intercrop. The Ministry of Labour made inquiries in January in both 1964 and 1965 at the request of the wages councils: the

results showed that many factories with estates were employing more than the number of workers to whom the law required them to offer intercrop employment. In January 1965 this applied to 13 of the estates with factories. In some others the numbers employed practically balanced with the numbers entitled to receive an offer of employment and, as not all of these will have taken advantage of this entitlement, it is likely that these estates were not being compelled to employ labourers for whom there was not available work. It is, however, likely that at this time, because of the Security of Employment Ordinance, some estates were employing more workers than they would have chosen to do on purely economic considerations. This led the councils to remark that the arrangements were "in some ways discriminatory in that some employers have proportionately greater liabilities than others. Some other estates regularly employ less than the numbers who had qualified. Apparently numbers of workers qualify who in the event, because of other intercrop employment or other reasons, do not take advantage of their qualifications."<sup>1</sup>

It is of interest to look at the proportions of men, women and young persons in the work force of millers with estates, following the increase in wage rates resulting from the Wages Regulation Orders.

TABLE XIV. DAILY-PAID SEMI-SKILLED AND UNSKILLED WORKERS  
EMPLOYED ON MILLERS' ESTATES, 1963 TO 1965

Year	Last Thursday in March							
	Men		Women		Young persons		Total	
	Numbers	Per cent.	Numbers	Per cent.	Numbers	Per cent.	Numbers	Per cent.
1963 . . .	15 982	57.0	9 476	34.2	2 467	8.8	27 925	100
1964 . . .	18 876	58.7	10 477	32.6	2 790	8.7	32 143	100
1965 . . .	16 969	58.6	9 114	31.5	2 866	9.9	28 949	100

Year	Last Thursday in September							
	Men		Women		Young persons		Total	
	Numbers	Per cent.	Numbers	Per cent.	Numbers	Per cent.	Numbers	Per cent.
1963 . . .	21 479	61.3	10 470	30.7	2 807	8.0	35 026	100
1964 . . .	23 651	59.0	13 076	32.7	3 319	8.3	40 046	100
1965 . . .	21 969	58.9	11 949	32.0	3 377	9.1	37 291	100

Source: Relevant editions of the *Annual Report of the Ministry of Labour*.

<sup>1</sup> *Proposals and recommendations of the Wages Council . . . 1965*, op. cit., para. 48.

Though the totals published in the six-monthly labour enumerations may in fact be different from the average numbers employed, it is reasonable to suppose that the proportions accurately represent the position in each six-monthly period. These are given in table XIV.

The figures suggest that a smaller proportion of women are being employed during the intercrop and a bigger proportion during the crop. Since the daily rates for women are lower than for men, and it is thought that one of the main intercrop tasks, "depaillage", is more effectively and cheaply undertaken by women, there might have been a tendency, especially in the first half of the year, for a bigger proportion of women to be employed. In fact there seems to have been a slight trend in the other direction. There appears to have been a small increase in the proportion of young persons.

Some suggestions were made by the Plantation Workers' Union to the sugar wages councils that employment of women should be prohibited in field work, partly on grounds of general unsuitability and partly to increase male employment prospects. However, no action was taken this matter.

There is difficulty about obtaining accurate information on the numbers employed by planters. The most reliable figures concern the numbers employed by planters with 100 arpents and over on the labour census days in March and September of each year. In 1962 the numbers employed were 7,500 in March and 11,000 in September; in 1963 the corresponding figures were 8,000 and 9,500, and in 1964, 8,170 and 9,850. Figures for later years are not available.

There were considerable fluctuations in the quantity of sugar cut and loaded during this period, which, as shown in table XV, do not appear to be reflected in the man-days' employment for daily-paid workers in the second half of the year, which includes the harvest. The reasons for this were discussed on page 262 above.

TABLE XV. CANE CRUSHED AND EMPLOYMENT FOR DAILY-PAID WORKERS ON MILLERS' ESTATES, 1963 TO 1966

Year	Cane crushed		Index of man-days' employment for daily-paid workers (July-Dec.)
	Thousand metric tons	Index	
1963 . . . . .	3 515	100	100
1964 . . . . .	2 616	74	100
1965 . . . . .	3 619	103	97
1966 . . . . .	2 931	83	90

Source: Mauritius Chamber of Agriculture: *The President's Report, 1963-1964*, and . . . 1965-1966; correspondence from Central Statistical Office, 1967.



Thus although there was a much smaller crop in 1964 than in 1963 this did not lead to any reduction in harvest-time employment. Indeed, taking the year as a whole there was an over-all increase. Similarly in 1965 employment in the first six months remained at the same level as in 1964 and was higher than in the corresponding period in 1963, that is before the Wages Regulation Orders. In the second six months of 1965 there was an increase of 40 per cent. in cane cut and loaded compared with 1964 and at the same time a small reduction in the number of man-days' employment. In 1966 in the first six months of the year man-days' employment remained at a level comparable with 1964 and 1965 and was higher than in 1963 before the coming into force of the orders. However, there was a considerable reduction in the number of man-days' employment given by millers with estates during the second half of 1966.

The present series of statistics on man-days' employment of daily-paid workers starts in 1963. It appears that in the second six months of 1966 there was, compared with the same period of 1964, a reduction by 10 per cent. in daily-paid man-days' employment. The wages bill was exactly the same size, notwithstanding the quantity of canes cut and loaded being in 1966 some 11 per cent. higher than in the roughly comparable 1964 six-monthly period.

In terms of canes cut and loaded the harvests of 1963 and 1965 are comparable; 3 per cent. more cane was produced in 1963 than in 1965. However, there was 3 per cent. less man-days' employment for daily-paid workers in the second six months of 1965 than in the same period of 1963.

The decline in the world price of sugar has in recent years caused a substantial part of the Mauritius sugar crop to be sold at prices much less than the cost of production, and this, together with the increased wage rates, must have been a powerful incentive to the industry to seek ways of reducing its labour force. Whilst it is true that these economies would presumably have been made in any case, the fact that wage rates had increased must have been a factor encouraging reductions in employment.

The information available suggests that the high level of employment given by the millers with estates has also applied in the case of the larger planters.

One further note of caution must be sounded. Even though the total number of man-days' employment offered by the larger employers has remained at a high level (and in some years has even increased) since the Wages Regulation Orders and the Security of Employment Ordinance came into effect, it is possible that this employment has in fact been shared by fewer workers than in the past. It is interesting to note that a reduction in the numbers of man-days' employment for daily-paid workers was accompanied by an increase in the average daily wage of all workers (staff excluded) from 7.24 rupees in 1965 to 7.49 in 1966.<sup>1</sup> The

<sup>1</sup> Calculated from figures supplied by the Central Statistical Office.

advantages of regular attendance during the harvest and the consequent reduction in absenteeism could mean that the total number of persons employed during the harvest has been reduced. Similarly the liability on employers to offer intercrop employment to all regular crop-time workers could have resulted in a smaller number of workers being employed. The global employment figures available indicate the numbers working on the same day each month; nothing definite is known about the total numbers sharing the employment either before the Wages Regulations Orders or subsequently.

### Labour productivity and absenteeism

The ratio of labour to land in the sugar industry of Mauritius is much higher than in many other countries: one daily-paid worker is employed for each 3-4 acres harvested by millers with estates and by planters with 25 arpents and upwards.<sup>1</sup>

The average tonnage of canes cut and loaded per man-day on estates with factories has varied widely. From a peak of over 1.9 metric tons in 1959 it plunged disastrously as a result of the cyclone of 1960.

TABLE XVI. ANALYSIS OF ABSENTEEISM AMONG DAILY-PAID WORKERS  
ON MILLERS' ESTATES IN 1963

(Attendance on each day shown as percentage of maximum attendance)

Category of worker	Last week of March					
	Monday	Tuesday	Wednes- day	Thurs- day	Friday	Satur- day
Workers paid by estate . . .	92	96	100	99	99	91
Workers paid by job contractors	68	91	100	99	96	70
All workers . . . . .	76	93	100	99	97	78

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Category of worker	Last week of September					
	Monday	Tuesday	Wednes- day	Thurs- day	Friday	Satur- day
Workers paid by estate . . .	94	98	100	99	99	96
Workers paid by job contractors	74	95	100	99	97	85
All workers . . . . .	81	96	100	99	98	89

Source: *Annual Report of the Ministry of Labour and Social Security, 1963*, op. cit., Vol. I, p. 71, table XVIII (b).

<sup>1</sup> According to Lord CAMPBELL OF ESKAN, speaking in Port Louis to representatives of the sugar industry in Mauritius on 21 October 1966, the island uses seven times as many workers per acre as Australia and twice as many as Guyana and Jamaica.

There was a partial recovery in 1961 but a further deterioration in 1962: the crop dragged on inordinately so that maximum benefit was not obtained from crushing the crop at its ripest. Employers compared this performance most unfavourably with 1959, when 100,000 tons more cane had been harvested in 11 days less than in 1962. The Wages Regulation Orders came into effect from the 1963 crop, since when the general trend has been upward: it is now at 1.89 tons per man per day, almost as high as in 1959.<sup>1</sup>

The disadvantages of the job contractor system for the workers have already been mentioned. It appears from table XVI that it was also inefficient for the employers.

The Wages Regulation Orders and the Security of Employment Ordinance would, it was hoped, reduce absenteeism. How far this aim was achieved may be judged from table XVII.

TABLE XVII. ATTENDANCE DURING SIX-MONTHLY PERIODS INCLUDING CROP TIME, 1961 TO 1964 <sup>1</sup>

Year and day of the week	Average daily attendance	Daily attendance as percentage of maximum attendance
1961: Monday . . . . .	31 762	81.7
Tuesday . . . . .	36 465	93.8
Wednesday . . . . .	38 240	98.4
Thursday . . . . .	38 477	99.0
Friday . . . . .	38 851	100.0
Saturday . . . . .	33 775	86.9
1963: Monday . . . . .	34 161	85.2
Tuesday . . . . .	38 669	96.4
Wednesday . . . . .	40 095	100.0
Thursday . . . . .	39 534	98.6
Friday . . . . .	38 706	96.5
Saturday . . . . .	36 231	90.4
1964: Monday . . . . .	35 343	91.0
Tuesday . . . . .	38 499	99.1
Wednesday . . . . .	38 823	100.0
Thursday . . . . .	38 012	97.9
Friday . . . . .	38 732	99.7
Saturday . . . . .	36 402	93.8

Source: *Proposals and recommendations of the Wages Council . . . 1965*, op. cit., para. 45.

<sup>1</sup> No figures are available for 1962.

### The financial position of the industry

The increase in the wages bill resulting from the Wages Regulation Orders has already been described with respect to millers with estates. Both it and the increased wage bill for planters, about which little is

<sup>1</sup> Mauritius Chamber of Agriculture: *The President's Report, 1965-1966*, op. cit., p. 6.



known, have to be seen in the context of the earnings of the whole industry. These are set out in table XVIII.

It will be noticed that in 1963, the year in which the Wages Regulation Orders took effect, sales of sugar reached the record of 688,000 tons. Each arpent produced on average 3.35 metric tons, the highest reached in the history of the industry in Mauritius.<sup>1</sup> This record production coincided with a remarkable world price, which quite exceptionally was higher than the Commonwealth negotiated price. The Mauritius Sugar Producers Association warned the wages councils that this high price was likely to be temporary. There was, however, little expectation that the world price would decline so quickly to its present low level. An economic survey carried out by Barclays Bank summarises the situation at this time: "As it turned out, 1963 was an exceptional year, but at the time many experts predicted that high world prices would continue for some years."<sup>2</sup> Since 1963 prices have been depressed, and in November 1966 the London daily spot prices actually dropped below £14 a ton to the lowest figure since the Second World War.

TABLE XVIII. EARNINGS OF THE SUGAR INDUSTRY, 1956/57 TO 1966/67

Year	Sugar sold (thousand tons)	Average price per ton (rupees)	Total sum received and distributed from sugar sales following various deductions (million rupees)	Received for Cyclone and Drought Fund (million rupees) <sup>1</sup>	Total (million rupees)
1956-57 . .	573	480	265	—	265
1957-58 . .	562	473	266	9	275
1958-59 . .	526	463	243	29	272
1959-60 . .	580	469	272	10	282
1960-61 . .	236	504	119	139	258
1961-62 . .	553	438	243	20	263
1962-63 . .	534	445	238	29	267
1963-64 <sup>2</sup> . .	688	591	407	—	407
1964-65 . .	520	435	226	47	273
1965-66 . .	664	410	272	4	276
1966-67 <sup>3</sup> . .	562	420	236	30	266

Source: *Proposals and recommendations of the Wages Council ... 1965*, op. cit., para. 13; and figures supplied by the Central Statistical Office.

<sup>1</sup> The Cyclone and Drought Insurance Fund, financed by a levy on the industry, makes payments to those affected by drought or cyclone. <sup>2</sup> The Wages Regulation Orders took effect from the 1963 crop. <sup>3</sup> Estimate.

<sup>1</sup> Mauritius Chamber of Agriculture: *The President's Report, 1965-1966*, op. cit., Appendix, table 2.

<sup>2</sup> Barclays Bank D.C.O.: *Mauritius: an economic survey* (Port Louis, Office of Mauritius Manager, Dec. 1966), p. 9.

In addition to increased wages, the employers have to meet a 5 per cent. export tax, increases in customs duty, and, in the case of millers, changes in the allocation of costs favouring the planters.<sup>1</sup> When commenting on the 1964 crop the President of the Chamber of Agriculture expressed concern that "the 1964 production cost shows an increase of 17 per cent. while the return on capital employed remains well below that of 9.1 per cent. achieved in 1962".<sup>2</sup>

The position with regard to the 1965 crop was summarised in these terms:

The gross revenue of sugar companies in 1965 was more or less the same as the average for 1961-62, despite the much larger crop produced and sold. Production expenses have gone up substantially since then, particularly the wage and salary bill, which has increased by more than 18 million rupees or 24 per cent.

The ensuing fall in profit has inevitably resulted in a reduction in dividends and taxation. After meeting these and interest commitments, there was an over-all deficit of 7.6 million rupees as against a surplus of 6.6 million rupees in 1961-62. The net financial position at the end of the 1965 crop, after taking into account additions to fixed assets and repayment of long-term loans, is clearly alarming when compared with the average in 1961-62, but what makes it even worse is that in those two years, which were not specially good years, the industry was still basically profitable and earning a return of about 9 per cent.<sup>3</sup>

Forecasts concerning 1966-67 were also gloomy.<sup>4</sup>

### Conclusions

This paper shows that the effect of the Wages Regulation Orders for the sugar industry that came into force in 1963 has been to increase both individual wage rates and the total wages bill of millers with estates and larger planters. No useful up-to-date information is available on the repercussions on small planters with less than 25 arpents, who in any case are exempted from the legal requirements concerning the provision of paid holidays and intercrop employment to regular harvest workers.

On the basis of the comparable years 1962 and 1964 it appears that the annual cost to millers with estates was of the order of 23 per cent. of their previous wages bill. Up to the beginning of the 1966 harvest there was no evidence of any reduction in employment expressed in man-days offered by millers with estates. Indeed, increased man-days' employment during the first six months of the year in 1964 and 1965 led to increased over-all employment. However, in the second six months of 1965 there was a small reduction in man-days' employment, and this trend became more pronounced in the second six months of 1966.

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<sup>1</sup> Ibid., and Mauritius Chamber of Agriculture: *The President's Report, 1964-1965* (Port Louis, 1965), p. 1.

<sup>2</sup> Mauritius Chamber of Agriculture: *The President's Report, 1964-1965*, op. cit., p. 2.

<sup>3</sup> Mauritius Chamber of Agriculture: *The President's Report, 1965-1966*, op. cit., pp. 1-2.

Taking into account the size of the crop it appears that in both 1965 and 1966 some labour economies were made in the six-monthly periods including the harvest. The smaller number of man-days' employment for daily-paid workers during the second six months of 1966 may well have led to a smaller number of workers qualifying, through regular attendance during the harvest, for employment in the subsequent first six months of 1967.

The complaints about shortage of labour that employers were making immediately before the Wages Regulation Orders came into force have now ceased. Absenteeism, especially on Mondays and Saturdays, has diminished, and such information as is available on productivity suggests an upward trend. It is not known whether the total number of man-days' employment given is shared by more or fewer workers than were employed before the orders came into force. Since in the second six months of 1966 there was a reduction in man-days while the wages bill remained fairly constant, it is reasonable to suppose that both output per man and the average wages of those engaged in cutting and loading increased.

The reduction of the world market price to exceptionally low levels has, despite the high price received for that part of the crop sold under the Commonwealth Sugar Agreement, depressed the average price for sugar sold. This example illustrates the difficulties in the conditions of developing countries of fixing wages in commodity industries whose earnings are liable to considerable fluctuation.

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# Rural Settlement and Housing Trends in a Developing Country: an Example in Nigeria

Patrick CROOKE <sup>1</sup>

IT IS SOMETIMES suggested or assumed that the rural areas and populations of a developing country constitute a "hinterland", whose main response to change is that of one-way migration to towns and cities, and that the latter, with their rapid growth and their concentration of ambitions and skills, also concentrate within themselves all the positive features of social development. Not very much recognition is given to the fact that as a city grows in size and importance so does the "radiation effect" of its urban values and practices on the rural areas of the country.

Since 1964 the I.L.O. has been providing technical assistance to the Government of Western Nigeria in the field of rural employment promotion. The first phase, which is now completed, consisted of advising the Government on the employment implications of current rural development programmes and of conducting a series of fact-finding surveys to obtain a solid basis of data for practical action. The I.L.O. team, which is at present composed of seven experts and the Nigerian officials concerned, is now ready to embark on a practical experiment. This aims at testing and demonstrating in a selected area the most effective methods and techniques for the fuller utilisation of rural labour and applying the experi-

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This article is an expanded version of the paper entitled "Changing settlement and housing conditions, and changing building practice, in a rural area: an example in Nigeria" prepared for the United Nations Inter-regional Seminar on Rural Housing and Community Facilities (Maracay, Venezuela, April 1967) organised by the United Nations Centre for Housing, Building and Planning and the Bureau of Technical Assistance Operations in collaboration with the World Health Organisation and the Venezuelan Government. It is based on knowledge gained during the surveys and studies of the area made by the I.L.O. Mission during 1966 and 1967.

The author is grateful to Dr. A. Akiwowo of the Nigerian Institute of Social and Economic Research for his comments on the original paper.

ence gained in the pilot project to the rural areas of Western Nigeria as a whole.

The purpose of this article is to show that in the pilot project area the current trend in settlement and housing, and in building practice, is towards the creation of an unfamiliar rural environment, in which features normally regarded as "urban" are already widespread.

### **The area and its inhabitants**

It must be emphasised that the rural area described here stretches between two major centres some 60 miles apart—Abeokuta to the north (population 187,000) and the Lagos complex to the south (population 727,000)—which are linked by a trunk road that traverses the pilot area and constitute the main urban foci for the rural area's movement and trade. The urbanising effects of these cities are certainly more marked and more rapid in this nearby area than in remoter parts of the country. But we think that the area is therefore merely an early example of changes that—over the years—are likely to involve remoter populations as the development effect of the cities becomes more widespread. It is for this reason, among others, that it has been chosen for the pilot project for rural employment promotion.

The pilot project area is a part of the Yoruba lands of Nigeria and consists of three adjacent local government districts with a total resident population of some 130,700 persons. Of these, about 28,250 live in three small towns, and the remainder in scattered villages and hamlets ranging in size from 5,000 to 100 people. I.L.O. surveys show that 73 per cent. of the area's male working population (46 per cent. in the three towns and 80 in the rest of the area) have farming as their primary occupation.

Towns have played an important role in Yoruba society for a very long time. In several periods in the past, local wars and slave-raiding forced Yoruba populations to concentrate in the security of walled cities and towns. In peaceful times these populations have scattered to re-occupy their farming lands; but their links with their "protector" or "parent" towns have remained very strong: not only did the towns continue to be centres of trade, social life and tribal authority but their emigrant populations also maintained their urban residential rights even when conditions allowed them to settle closer to their farmlands. Today the long-established Yoruba towns are still essentially made up of several sectors or wards, each under the traditional authority of a chief or sub-chief, and each containing the compounds of large, extended-family groups, whose members and descendants still regard the compound as "home", even though they may live mainly in the town's rural area or elsewhere.

A good example of these rural-urban links is found in one of the three rural districts that make up the pilot project area. The inhabitants of this

district are mainly Egbas, an important constituent group of the Yoruba people. The Egba capital city is Abeokuta, and we have found that most Egba households in the rural district have their own rooms or residential rights in compounds in Abeokuta, mainly in the Owu sector of the city, as well as holding their local farms and houses. Large numbers of Egba farmers return from the district to their city compounds for holidays and festivals.

While many other factors now affect the role of Yoruba towns and cities, this historical factor certainly helps to explain the close contacts and relationships between Yoruba urban and rural areas—contacts which modern roads and other communications make it ever easier to exploit and maintain.

An attempt will be made below to define some of the effects of these urban influences on the rural environment by describing the main lines along which rural settlement and housing, and rural building practice, are developing in the pilot project area. They can be summarised as follows: the stabilising of rural settlement; the growth of roadside settlements; the adoption of new housing forms; changes in house-building materials and costs; and the emergence of commercial building practice.

These changes are, of course, occurring in differing degrees in different parts and populations of the area. They are brought together here under a general description because they all appear to be closely related to one another as different aspects of a clear general trend.

### **The stabilising of rural settlement**

Yoruba farmers have not in the past been inclined towards permanent rural residence. One reason for this is probably the urban rather than rural basis of the Yoruba extended family, which was described above. But this attitude has certainly also been influenced by natural conditions: neither soil nor climate in this part of Nigeria encourage the perennial cultivation of land or its intensive working over long periods of the year.

In the seasons when farming operations do require longer periods of work, farmers prefer to walk out each day to their lands from village or town, or to camp in temporary shelters if necessary, rather than live in isolation on their farms. Thus they have often regarded the smaller and more isolated villages as a temporary convenience rather than a permanent home and have founded, inhabited and abandoned them as circumstances required, sometimes in the course of a single generation.

The materials traditionally used for rural building did not impede this in the past; walls of earth and roofs of palm-leaf thatch have a short life in a country of heavy rains and termite attack; they can be abandoned with little loss and replaced elsewhere with little labour or expense.



But various factors are tending to stabilise rural settlement in the area. Among the most important of these are—

- (1) the increasing fragmentation of land-holdings<sup>1</sup>, which gives less and less scope for extensive bush-fallow farming operations and for the more transient settlement patterns that these permitted;
- (2) the planting of tree-crops (mainly kola, cocoa and citrus in the pilot area), which have for the first time brought farmland into permanent use and given it a perennial value;
- (3) the use of more durable and costly house-building materials, which represent a capital investment in houses that cannot easily be abandoned or transferred to a new location without difficulty and loss.

It should not be supposed, however, that these and other stabilising factors in rural settlement are in any way “fossilising” or making more permanent the previous, more transient distribution of population. On the contrary, all the evidence suggests that this stabilisation is taking place along lines unprecedented in Yoruba rural life.

### **The growth of roadside settlements**

The development of a road network in Western Nigeria has reached a stage where the major towns (broadly speaking, those with a population exceeding 100,000) are linked by bitumen-surfaced trunk roads, while smaller main roads, most of them surfaced, serve the rural centres with populations in the 20,000 to 100,000 range. Below these categories are earth roads, maintained by local government and serving the larger villages. In the pilot area all villages with more than 1,000 inhabitants are served by roads of at least the latter category, though many of these are in extremely poor condition.

A number of smaller population groups, however, are still inaccessible by motor vehicle, or at best can be reached only by heavy lorry during the dry season. Transport animals are not used in this area infested with tsetse fly, and head loading is still often the only means of carrying produce and other goods between farm, village and the outside world. An intricate network of large and small footpaths through the forest and farmland links the remoter villages and hamlets to one another and to the road system. We calculate that in the pilot area as a whole, 36 per cent. of the population is served by surfaced main roads, approximately 50 per cent. by earth roads or tracks (many of them only seasonally motorable), and the remaining 14 per cent. by footpaths only.

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<sup>1</sup> The rapid natural increase in the pilot area in the number of persons with rights in “family land” held by descent groups is resulting in both the increasing division of family land among individual relatives and the increasing transfer of land to non-relatives through rental and sale. The latter trend in the pilot area is examined by C. O. ADUBI in an unpublished paper entitled “A critical note on the tenurial system of land in some villages of Ifo, Otta and Ilaro districts” (Ibadan, 1966).

With the growing importance of road transport, and the access it gives to distant markets, the inhabitants of many villages within reach of an important road have in recent years set up small shelters at the roadside, to which they can bring their produce. The advantages of this roadside position are many: it not only brings the villagers into closer touch with non-local markets but also enables them to sell produce and refreshments direct to traders and other travellers. The road itself, in fact, provides not only transportation but also a permanent "linear market" without precedent in local affairs. Moreover, the roadside offers other benefits of a less tangible kind: the advantages of progressive contact with the outside world, and the opportunity of displaying oneself and one's property to a wider audience than kin and neighbours alone can provide.

With these many advantages, the roadside often becomes a preferred site for the village's new houses; in the course of time—house by house—the roadside village is established, while the original roadside shelter for villagers and produce is outgrown and replaced by a more complex arrangement of trading stalls. It is notable that rural schools, mainly introduced in the period from 1955 to 1960, have almost all been sited at the roadside, even where this isolates the school from its pupils' villages.

This general development along the roadside appears to involve primarily the smaller, scattered hamlets of the area. All villages with more than 1,000 inhabitants—even when far from a main road—have some degree of access to roads already and therefore have less immediate need of a new location. Moreover, the greater value of a larger village's present location, with its buildings and services, is likely to discourage any drastic shift in its centre of gravity. In these cases road improvement is preferred to a shift of population; it is notable that it is the populations of the larger villages in the pilot area that press their local government councils most strongly for improvements to their access roads.

During our studies in the area we have found that the villages and small towns showing most evidence of rapid growth are market centres on main roads, and the rate of their growth appears to reflect directly the importance of the road concerned as a traffic artery.

It seems likely, in fact, that rural marketing in this area is taking on a new and unfamiliar pattern. Traditionally, the marketing of produce (in this as in other Yoruba areas) has been based on what is termed the "market circle": a group of essentially similar villages each of which holds a market on one of four or eight days in turn. The market circle, operating within a limited area, gives each participant village its regular share of economic weight in the group as a whole and answers very effectively the need for exchange at the local level. It is probable that the area of a market circle was originally determined by the maximum distance for the head loading of produce along footpaths.

Though most rural markets in the area still operate on a four-day or eight-day cycle and still orientate their trade to the rural community, they are complemented by the growing importance of roadside markets specialising in what can be termed "cash consumer foodstuffs" and orientated towards the cities and larger towns.

With these changes, marketing in the area appears to be developing from an essentially cellular system of similar market circles, each satisfying the needs of local exchange, towards a linear and hierarchical system based upon roads and centres of differing importance and linked directly to the major centres of population, with their concentration of large-scale trade and consumption. Of the 15 main market centres in the pilot area, eight are now on major, inter-city roads (trunk roads class 'A'), four are on rural main roads (trunk roads class 'B'), and only three are on minor rural roads. Two of the latter are on the railway line.

It is in this context of changing marketing prospects and of the growing importance of exchange at a non-local level that the growth of roadside settlements in the area can best be understood; for this economic factor is undoubtedly a prime mover in the emergent pattern of settlement.

### **The adoption of new housing forms**

In this part of Nigeria kinship ties between families are extremely strong and effective; in long-established Yoruba towns—and in spite of intense population pressure on urban land—these ties are still manifest in the form of separate (and increasingly congested) compounds, each the inheritance of one or more extended families.<sup>1</sup>

Such clearly defined compounds are not to be found in this rural area, however, and this fact reflects the urban basis of the Yoruba extended family organisation already referred to. Nevertheless, we have found that in the villages and small towns of the area, adjacent households are commonly related to one another by blood or marriage, and, though they occupy separate household buildings, they also share open spaces common to several related households. The household buildings of this group can scarcely be described as independent houses, but they certainly are distinct elements linked together mainly by usage and by the inter-family ties of their inhabitants.

One can compare this rural situation with rural living accommodation in, for example, Northern Ghana, where the rural residential household is not the nuclear family but a rurally based kinship group, which occupies a single cluster of small rooms and yards—almost like the clustered cells of a honeycomb—housing as many as three hundred persons and completely separated in the countryside from its neighbours. The housing pattern in the pilot area is by this comparison a loose and

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<sup>1</sup> A. L. MABOGUNJE: *Yoruba towns* (Ibadan University Press, 1962), p. 6; and G. J. AFOLABI OJO: *Yoruba culture* (London, University of Ife, 1966), pp. 131 ff.



fragmented one, perhaps offering the prospect of greater mobility and independence to the member households of a kinship group.

The older household buildings in the villages of the area are mostly of a common, single-storey type: an oblong building consisting of a long front room giving access to a row of smaller rooms at the rear. The number of rooms—and therefore the length of the building—varies, but its width is fairly constant at 15 to 18 feet (4.5 to 5.5 metres). The ridge of the roof always runs in the length dimension of the building. We think that a factor determining this form was the maximum dimension across the pitch that could be obtained with a roof of simple timber framing and palm-leaf thatch: to keep out the rain such a roof needs to have a steep pitch, and this restricts the width of a building if its roof is not to be excessively high and difficult to support.

The newer household buildings cover a wider range of sizes but they have certain features in common with the earlier type. In plan they almost invariably contain a central lobby giving access to a row of rooms on each side. The uses made of this lobby and of the long front room in the earlier type of building are similar, and the newer buildings can probably be regarded as a development from the earlier type, to which a second row of rooms has been added.

The additional row of rooms, however, gives this newer type of building a much larger minimal plan dimension (and therefore a larger width of roof); we think that this enlargement was made possible by the adoption of corrugated iron sheeting as a roofing material in place of thatch. Iron sheeting permitted a lower pitch for the roof and hence a wider roof for a given height of ridge. This tends to be confirmed by the fact that the adoption of this newer type of building has closely paralleled the adoption of corrugated iron roofing, and that while the older type can still occasionally be seen with a thatched roof, the newer type is invariably roofed with iron sheets.

It should be emphasised that the terms “older” and “newer” are not used here to describe the actual age of the buildings concerned but to distinguish between building forms that are being decreasingly and increasingly adopted respectively at the present time.

Another point of difference between the older and newer types of building concerns their cooking and sanitary facilities. In the older type these facilities are usually either inside the building itself or shared externally with other households of the group. In the newer type they are increasingly placed at the rear of the building in a roofed area separated from the main structure by a small walled yard.

Though the newer household buildings conform to the pattern described above, they do so in a great variety of sizes. The number of rooms served by a single central lobby commonly varies between four and twelve, while the addition of one and occasionally of two upper floors, with the same basic plan of size, makes the range even larger.

In the latter case a steep and narrow staircase connects the central lobbies of the various floors.

The newer type of household building thus has the following main characteristics: it lends itself to accommodating large household groups under a single roof and on relatively little land; it increasingly has its own cooking and sanitary facilities, separated from the main building by a private yard; it is, in fact, potentially self-contained. These are all the characteristics not of a rural but of an urban type of building suited to conditions where land is scarce and independently owned and where high living densities require close attention to cooking and sanitary conditions.

The adoption of this type of house in the pilot area—often in conditions where its urban characteristics and potential advantages do not yet apply—is a clear sign of the penetration of urban values deep into the countryside of the area.

### **Changes in house-building materials and costs**

The majority of houses in the pilot area are being built at a rather low and uniform level of cost; but the number of exceptions to this common standard, and the range of additional costs that these exceptions cover, are both steadily increasing.

The minimal standard of house construction that is now regarded as acceptable locally requires a “basic set” of building materials that includes local earth for walling, forest timbers for roof framing, corrugated iron sheets for roof covering, and squared non-local timbers for doors and shuttered windows. In a house built with this current “basic set” of materials the cost of carpenters’ payments together with corrugated iron sheets and non-local timber represents approximately 75 per cent. of the total cost of the building. Rural builders in the pilot area are familiar with all these materials and handle them fairly efficiently.

Several newly adopted building materials, however, are now supplementing or replacing those in the “basic set” described above. These new materials include cement, mainly used for cement-sand walling blocks, for simple concrete wall foundations, wall rendering and internal floors; flat asbestos-cement sheets and fibreboard sheets for room ceilings; non-local timbers for ceiling framing, staircases and suspended floors; glass for windows; and paints for joinery and walls. Of all these new materials, the one in most widespread local use is cement; there is a large cement factory in the pilot area and its local price is therefore relatively low.

All these manufactured materials require unfamiliar skills, which are being rapidly acquired by local builders but at a generally low level of workmanship. The use of these materials also entails a rising capital cost for much local housing, and this poses two important questions.

First, is this rise in rural house-building costs, when compared with the costs involved in using the “basic set” of materials, resulting in

buildings of a substantially longer life, or in substantially better living conditions? There is no doubt that a good deal of the cost represented by manufactured materials is devoted to display aspects of housing rather than to providing a sound building structure. At the same time certain current innovations such as wall foundations, cement-block walling and the cement rendering of earth walls are undoubtedly increasing durability beyond the norm. Other innovations such as ceilings and cement-screeded floors, while not directly producing stronger buildings, are of very real material benefit to the household. Other benefits gained from the rise in building costs are probably mainly of a social nature: the gain or maintenance of social status that a higher housing standard permits. This is obviously a difficult matter to investigate and assess; but the display aspect of housing is evidently becoming important to this rural population, as a modern indicator of status, and cannot be ignored as a motive in spending money and in improving housing conditions.

Secondly, how do householders manage to achieve a higher capital cost in building in this area, where private capital is still extremely scarce? In this part of Nigeria the annual dry season (when building work can proceed most easily) lasts for only three to four months; moreover, a farmer's income fluctuates markedly from season to season and from year to year, according to the timing and value of his harvests. These are two limitations to the speed of house construction that operate throughout Western Nigeria and particularly affect rural areas, where it is very common for the building of a house to continue over several years; in very many cases the walls and roof of a new house stand unattended until the householder has the means to continue with building work. Even after the house has been occupied, major improvements (mainly in floor and wall finishes and ceilings) often continue to be made to the building whenever the household can afford them.

We have found that, as a general rule, the higher the standard of construction for a house in the pilot area, the longer the building period involved. There are, of course, exceptions to this rule in cases where a householder can afford to build a high-standard house in one go; but these cases are extremely rare. While an extended building period in no way reduces the final, total cost of the building—and may in fact increase it—it does enable householders to adopt higher building standards without needing large sums of money at any one time. This is a crucial point in such a society, where the long-term saving of money is still unfamiliar; it enables “urban” building standards to be adopted not only by the wealthy few, but also—though more slowly—by poorer sectors of the rural population.

### **The emergence of commercial building practice**

We have seen that the older rural housing types in the pilot area tend to differ in location, form, materials, cost and durability from the newer



models that are now succeeding them; they appear, in fact, to have been suited to social and economic conditions of settlement that are being steadily superseded in the area. These earlier building types also have their origin in what can be termed "subsistence building practice", i.e. the construction of houses by householders and their neighbours, using materials indigenous to the area and skills held by every farmer. It is interesting to note that the traditional cult groupings of Yoruba craftsmen include no builders' cult; this indicates that building is not a craft traditionally carried out by an identifiable group in the Yoruba community.

In the pilot area the first changes in this situation seem to have started early this century, when the adoption of corrugated iron roofing sheets<sup>1</sup> and of door and window joinery first began to create a building market for local tradesmen. Since then building work has gradually assumed a commercial rather than a subsistence character, with many gradations between subsistence and commercial practice and many features of previous practices still to be found among building tradesmen, as the following examples show.

(1) It is common for building tradesmen to maintain their rights to family farming land and to use it at least for food crops. A builder may pay labourers to work his farm, and this is made easier for him by the fact that the peak harvesting months on the farm—when he is most likely to need to pay labour—are also the peak months of the building season, when he earns most of his money.

(2) Unskilled labourers employed in rural building tend to be the same labourers available for unskilled farming and other employment.

(3) The smaller building tradesmen work mainly on the basis of family contacts, obtaining much of their work from relatives and employing a high proportion of relatives among their assistants.

(4) Even when a tradesman is employed on building work, it is normal for the householder himself to buy any materials needed; the building trades therefore need little or no capital, and the tradesman usually receives labour payments only, for himself and his assistants.

The current range of building trades in the pilot area is extremely limited and reflects the simple construction and lack of domestic services still normal in house building in the area. The three main towns have partial domestic electricity supply and provide employment for a handful of electricians; but there is no domestic piped water supply in the area and therefore no private plumbing trade. Building tradesmen in the area

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<sup>1</sup> "By 1910, the picture of Abeokuta from a distance was one of a glitter of galvanised iron roofs. Then many settlements in the hinterland had not any building so roofed." (AFOLABI OJO: *Yoruba culture*, op. cit., p. 153; see also L. FROBENIUS: *Voice of Africa*, Vol. I (London, 1913), p. 44.

form two main groups—wall-builders and carpenters—each group covering a wide range of attainment and skill. Wall-builders are known in English locally as “bricklayers” or “masons”; but neither term is strictly accurate as they in fact build mainly earth and sometimes cement-block walling *in situ*. I.L.O. surveys show that in the pilot area as a whole there are some 400 wall-builders (approximately 1 to every 347 people) and some 365 carpenters (1 to every 349 people).

Building tradesmen are usually employed directly by the householder, who agrees on a staged lump-sum payment for the work of each and who buys the materials the job requires. A single building entails at least two verbal agreements of this kind: one with a wall-builder and one with a carpenter for the roof, joinery work, and ceilings if any. The making of cement blocks and the laying of cement floors and wall-renderings often form separate agreements with the same wall-builder or with another. This series of agreements with separate tradesmen allows the householder to build in gradual stages according to his means and inclination, without long-term commitments to any one individual.

Recent years, however, have seen the start of a further stage in the development of a rural building industry in the area: the appearance on the scene of the building contractor. The direct cause of this seems to have been the introduction in the past 15 years of major government financing of rural schools, clinics and other public works. The financial procedures laid down for carrying out these works required the local builder to have—for the first time—his own capital for the purchase of materials and the payment of labour in advance of his payments from the Government. The procedures also required the builder to be able to read plans, contracts and other documents in English and to prepare written cost-estimates. Among other factors these requirements have often made it easier for leading local businessmen to obtain government building contracts than for tradesmen with practical building experience but with less capital, education and influence.

The local term “contractor” is a loose one, often describing a businessman who is ready to undertake any ancillary operations such as bush clearance, or the supply and transport of materials, in addition to actual construction work, and who sometimes has at least one other line of business unconnected with building. In government-financed works in the area it has become customary for contracts to be awarded to local contractors of this kind, whose functions are to promise the financial security required, find the building tradesmen needed for the job, provide the materials they require, and pay them (usually on a staged lump-sum basis) for the work they do. The tradesmen in turn find their own assistants and pay them piece-rates or daily wages out of the sums obtained from the contractor. I.L.O. surveys show that there are now approximately 70 contractors available for building work in the pilot area, the majority of them resident in the three small towns.

The governmental procedures that are producing the building-contract system are those originally devised for building work in more developed urban conditions, and rural builders and businessmen are having to adopt—or at least to copy—urban contractual practices in order to obtain the work concerned. Though still mainly confined to government operations, these practices are now occasionally found in higher-cost private building work in the area in those rare cases where the householder can pay for a complete building in a single contract operation.

Building practice in the area embraces, as we have seen, the whole range—one can almost say, the whole history—of development in building practice from the “subsistence building” activities of a farmer and his neighbours to the building contractor operating along strictly urban and commercial lines. Between these two extremes is the building tradesman, working mainly for private householders and occasionally for local contractors and whose operations exhibit features of both subsistence and commercial building practice.

## **Conclusion**

Conditions in this rural area show that the following main changes are affecting local settlement and housing.

(1) Rural settlement, previously scattered and transient, is stabilising in favour of roadside locations that enable rural populations to maintain their economic role in a marketing pattern increasingly determined by road transport.

(2) Rural housing forms suited to low-density living in associated family groups are being discarded in favour of urban housing forms suited to higher-density living in self-contained family groups.

(3) Building materials of non-local manufacture and urban use are being increasingly adopted, in a manner which allows rural householders to achieve urban standards and cost levels in easy stages.

(4) In rural building practice the “subsistence building” activities of householders are being superseded by the employment of building tradesmen and occasionally by the employment of contractors employing tradesmen.

It appears from these changes that rural settlement and housing in the area is already assuming many of the features characteristic of large Nigerian towns and cities. This may be a measure of the spread of urban attitudes and practices from the two major towns close to the pilot area. It seems likely, however, that the changes described in this article will become more and more widespread in the future Nigeria, as the cities continue to grow in size and influence and as urban standards and values continue to spread further and further into the countryside.



# Women's Employment and Conditions of Work in Switzerland

Marion JANJIC<sup>1</sup>

PUBLICATION at the beginning of 1966 of the results of the 1960 federal census and the coming into force of the new federal Labour Act<sup>2</sup> in February 1966 make this an appropriate moment to present some interesting data on the position of women workers in Switzerland—a subject about which little is generally known.

The task is rendered difficult by the federal structure of this small country and the consequent wide diversity of working conditions between one canton and the next, but we hope this contribution will shed some light on the place of women in the Swiss economy and on the changes that have taken place in their employment since the 1950 federal census.

## Characteristic features of women's employment

The phenomenal expansion of the Swiss economy after the Second World War was accompanied, as in most other European countries, by a severe manpower shortage, which was overcome only by engaging large numbers of foreign workers. Increasing every year, their number reached the record figure of 720,901<sup>3</sup> in August 1964—in a total population of 5,718,000. Of this number 219,264, or 30.4 per cent., were women.

Alarmed by the danger that the presence in Switzerland of so large a number of foreigners represented for national equilibrium, the Federal Council adopted an order on 26 February 1965, whose object was to limit and indeed reduce the total number of foreign workers. Since then the

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<sup>1</sup> International Labour Office.

<sup>2</sup> Federal Act respecting work in industry, handicrafts and commerce (Labour Act) dated 13 March 1964 (I.L.O.: *Legislative Series*, 1964—Swi. 1).

<sup>3</sup> "L'effectif en août 1965 de la main-d'œuvre étrangère sous contrôle", in *La vie économique* (Berne), Oct. 1965.

number of foreigners has decreased, and by the end of August 1965 they amounted only to 676,328, including 205,689 women (i.e. 30.4 per cent.), in a total population of 5,825,000.<sup>1</sup>

Where manpower is in short supply there is generally an increase in the employment of women, as is shown by the statistics of a number of European countries, particularly the Federal Republic of Germany, where in recent years women's participation in economic life has been clearly influenced by the general increase in the demand for manpower.

A study forecasting the future structure and evolution of the Swiss economy that appeared in 1958<sup>2</sup> stresses the fact that the proportion of persons in employment has been constantly declining since 1900, and that there is every reason to suppose that this tendency will continue in the future. The economically inactive population will therefore increase more rapidly than the active, and the burden on those in employment will become heavier. The consequent long-term risk of a slowing down in the rate of economic expansion could be avoided, according to the authors of this study, by more extensive recourse to untapped manpower resources. The greater part of this reserve is constituted by women who take no part in economic activity because their time is monopolised by household duties. In examining the possibility of increasing the volume of women's employment the authors express the following opinion:

The position of women in economic life is determined by the historical development and economic and social structure of the country. Changes in the latter are for the most part short-lived, though it may be more durably modified through the application of authoritarian measures of state control. . . .

The results of the 1960 federal census published some months ago show that these somewhat gloomy forecasts concerning the possibility of an increase in the volume of women's employment are not entirely justified. The eight tables in the appendix to this article reveal a certain degree of progress in female employment; though hardly comparable with what has been achieved in other countries, it does represent a slow but steady development since 1941 towards more general employment of women.

The rate of activity, expressed as the percentage of employed women in relation to the total female population over the age of 15 years, rose from 33.7 in 1950 to 35.3 in 1960. It was 32.7 in 1941 (see table I A). This advance is not spectacular, particularly when compared with what has been recorded in other countries.<sup>3</sup> In interpreting comparative statistics on the level of women's employment, account must be taken, however,

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<sup>1</sup> "Estimation de la population des cantons et des villes en 1964 et 1965", *ibid.*, Sep. 1965.

<sup>2</sup> Ch. GASSER and F. KNESCHAUREK: "Structure et évolution de l'économie suisse", in *Revue économique et sociale* (Lausanne), Apr. 1958.

<sup>3</sup> In the United States the corresponding percentages were 29.4 in 1950 and 35.1 in 1960; in the United Kingdom (excluding Scotland), 34.7 in 1951 and 37.4 in 1961; in the Federal Republic of Germany (excluding the Saar), 39.6 in 1951 and 41.1 in 1961. (Percentages calculated on the basis of statistics published by the United Nations and the I.L.O.)

of national differences in methods of compiling ten-year censuses. In Switzerland, for example, only women carrying on an occupation as their principal activity are recorded as employed persons; those who indicate their remunerated activity as subsidiary are not included, whereas in other countries, such as the United States, women working part time are counted among the active population, which considerably boosts the general rate of activity recorded for women.

But the quantitative aspect is not the only feature worthy of attention. More detailed study of the census results shows that important changes have taken place in the distribution of the female labour force among the various branches of economic activity, thus revealing the qualitative aspect of the problem of women's employment.

Whilst in 1900 the three branches occupying the largest numbers of women were, in decreasing order, industry (43.2 per cent.), domestic service (22.7 per cent.) and agriculture (16.1 per cent.), the three leading places are now taken by industry, commerce, banking and insurance, and domestic service (see table II).

### **Employment in industry**

The steady decline during the past 60 years in the proportion of women employed in industry (see table III) is largely explained by the changes that have taken place in the textile industry (with its traditionally female labour force), where 120,000 women were still employed in 1910.<sup>1</sup> The use of machines to meet the challenge of French and Scottish competition at the beginning of the century dealt a severe blow to the employment of women, particularly in Eastern Switzerland, where numerous family establishments employed women in hand spinning and weaving. Deprived of their traditional livelihood by the large-scale recruitment of male workers these women homeworkers found new openings in other industrial sectors, particularly in the food industries, but these increases did not compensate for the losses recorded in the traditional field of employment. The introduction of automatic spinning and weaving is now bringing about another reversal of the situation, and women are gradually replacing men, although the total number employed does not equal that at the beginning of the century.

The branch in which there was the largest increase in the proportion of women workers between 1950 and 1960 was the food industry, followed by engineering, clothing and footwear<sup>2</sup>, chemicals, metallurgy, printing, and watchmaking (see table III). The proportion of foreign workers in the female labour force is particularly high in industry (see

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<sup>1</sup> "Entwicklung und Probleme der Frauenarbeit in Industrie und Gewerbe", in *Gewerkschaftliche Rundschau* (Berne), No. 9, 1956.

<sup>2</sup> Comparison between the years 1950 and 1960 is of little significance in this sector, for in 1950 footwear was classified not with clothing but with leather.



table IV): in 1960 one woman in four employed in this branch was of foreign nationality (24.1 per cent.).<sup>1</sup>

The proportion of foreign labour is not the same in all sectors of industry. In textiles, for example, where the proportion of women remained practically stable between 1950 and 1960 (55.9 per cent. in 1950 and 55.7 per cent. in 1960), the proportion of foreign women workers more than doubled during the period (16.5 per cent. in 1950 and 39.2 per cent. in 1960), which would indicate that a fairly large number of Swiss women have abandoned this sector for some more remunerative form of activity. Similarly in the clothing industry, in which the proportion of female labour is the highest (71.7 per cent.), the number of foreign women rose more rapidly during the period in question than the number of Swiss women (by 19.5 per cent. as against 3.6 per cent.). The same observation is valid in varying degrees for all other industries, the chemical industry showing the slowest change in this direction.

### **Employment in other branches**

In branches of the economy other than industry the greatest expansion in women's employment has been recorded in the "commerce, banking and insurance" branch, especially in banking, where the number of Swiss women workers almost doubled from 1950 to 1960. In the "hotels, boarding-houses and restaurants" and "domestic service" branches the proportion of women was less in 1960 than ten years previously, apparently as a result of the more widespread employment of male hotel staff. In "other services" the increase in female employment is most noticeable in teaching, the public services and private welfare services.

The above-mentioned tendency on the part of Swiss workers to leave the textile industry is paralleled in domestic service: although the number of foreign women workers diminished considerably after 1950 (by about 15,000), their proportion within the total labour force in this sector continued to increase.

### **Distribution of women workers according to age and marital status**

The distribution of economically active women by age group underwent no significant changes between 1950 and 1960 (see table V). The highest proportion of employed women (19.2 per cent.) was still found in the 20-24 age group in spite of a slight decrease during this period. There was, on the other hand, a noticeable increase in the 15-19 age group, which rose from 16.3 per cent. in 1950 to 17.5 per cent. in 1960, and also in the over-50 group. These variations are mainly attributable, however, to changes in the age structure of the female population, as is shown in table VI.

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<sup>1</sup> For men this percentage was only 16.8.

Another interesting point is revealed in table VII. It is a well-known fact that in most countries the rate of employment of women follows a curve marked by two peaks, one in the 20-24 age group, the other in the 45-49 group, and that since 1950 the curve has tended to rise and broaden about the second peak as a result of the return of women (especially married women) to economic activity.<sup>1</sup> Taking the female labour force in Switzerland as a whole, including the foreign nationals, the graph of activity does not show these two peaks, the rate of employment going down very steadily from the age of 24.

It might be deduced, at first glance, that the practice of resuming economic activity after bringing up children has not yet become established in Switzerland, as it is in other countries. This observation may be valid for the foreign element in the labour force, composed mainly of young women who return to their own countries after a few years in Switzerland (the rate of activity for foreign women is 88.2 per cent. between 20 and 24 but only 55 per cent. between 50 and 59), but it is less so for Swiss women. The record of employment for the latter conforms more to the twin-peak pattern, though the second peak is not so pronounced in Switzerland as in certain other countries. Even so, some evolution in this regard is detectable since 1950.

Another change in women's employment in the past ten years is to be correlated with the preceding observation: this is the considerable increase in the rate of employment of married women (see table I A). Over the whole field of economic activity the proportion of married women employed rose from 10.3 per cent. in 1950 to 16.0 per cent. in 1960.<sup>2</sup>

Table VIII shows that the proportion of married women in the female labour force varies according to the branch of activity. The percentage was 25.3 in 1960 (against 16.3 in 1950) for economic activity as a whole, but was only 13.6 in banking and 16.2 in insurance, while it reached 35.7 in industry.

Whilst level of skill, average age and rates of pay undoubtedly exert an influence on the rate of participation by married women in economic activity, they are not the only factors. The social factors referred to in the study by Gasser and Kneschaurek mentioned earlier perhaps weigh more

<sup>1</sup> United Nations, Department of Economic and Social Affairs: *Demographic aspects of manpower*, Report I: *Sex and age patterns of participation in economic activities*, Population Studies, No. 33 (New York, 1962).

<sup>2</sup> The percentage is still rather low if compared (subject to the appropriate reservations) with the percentages recorded in the following countries at approximately the same dates:

Canada . . . . .	37.9 (1951)	58.3 (1962)
United States . . . . .	52.0 (1950)	60.0 (1960)
France . . . . .	49.0 (1954)	53.2 (1962)
Norway . . . . .	12.0 (1950)	24.6 (1960)
Sweden . . . . .	30.0	over 50.0 (currently)
United Kingdom . . . . .	41 (1950)	52 (1960)

Source: Viola KLEIN: *Women workers: working hours and services*. A survey in 21 countries (Paris, O.E.C.D. 1965), p. 19.

heavily in Switzerland than in any other country. Untouched by the two world wars, which gave women in other European countries the opportunity to demonstrate the full measure of their working capacity and to gain a foothold in sectors previously reserved for men, Switzerland long maintained a traditionalist, not to say conservative attitude towards the employment of married women.

Looking for reasons why the volume of women's employment in Switzerland remains below the European average, the author of a recent work states that those who support the maxim "woman's place is in the home" are able to enforce this rule more strictly in Switzerland than elsewhere, and to back up his observation he refers to three phenomena: the low percentage of married women in the female labour force, the limited part played by women in advanced-level teaching, and the substantial disparity between rates of pay for men and women (30 to 40 per cent. in 1965), in spite of a modest improvement since 1950.<sup>1</sup>

Under the increasing pressure of manpower demand a trend is emerging that is detectable not only in the latest census results but also in recent official reports on manpower problems.

The Federal Commission set up to study methods of recruiting teachers for the human sciences and medicine and for secondary school teaching has not hesitated to recommend, among the measures suggested for relieving the shortage of staff and solving the recruitment problem, more extensive recourse to the services of married women. The Commission puts forward the following arguments:

There are divergent opinions on the question whether wider use should be made of married women and mothers. The opponents of this course insist especially on the harmful results for the family and the upbringing of children. To this it may be replied that modern society provides numerous facilities to lighten the tasks of housewives and mothers (nursery schools, boarding and semi-boarding schools, etc.). At all events, separation of infants from their mothers should be avoided as far as possible.

The hostile attitude towards any increase in the occupational activity of women stems from the idea that the traditional structure of the European family must and can remain unchanged. But a continually increasing number of women seek of their own accord to obtain a university education and follow an occupation. An objective judgment on the merits of such an attitude is difficult; it is, in the last analysis, a matter for individual decision. In examining the question, however, the following considerations should be borne in mind:

(a) The widely held opinion that woman is not suited by nature for the practice of a large number of skilled occupations, particularly those requiring university training, is no longer valid in the light of present-day experience.

(b) Further, the proportion of university-educated women in employment in our country is very low in comparison with other economically developed countries. This is the case even in professions for which women would seem particularly well suited (teaching, library and archive work, dentistry, etc.); approximately 12 per cent.

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<sup>1</sup> Hermann-Michel HAGMANN: *Les travailleurs étrangers, chance et tourment de la Suisse* (Lausanne, Payot, 1966), p. 67. A note on this book appeared in *International Labour Review*, Vol. 96, No. 2, Aug. 1967, p. 216.



of the established teachers in secondary schools in 1961 were women, as against 10 per cent. in 1950.

The proportion of women in the total number of Swiss students remained stationary between 1938-39 and 1961-62, amounting to 12.9 per cent. and 13.2 per cent. . . . The percentage of university students is among the lowest in Europe. It is still lower in Albania and Spain, but the proportion in Finland and in France is three or two-and-a-half times as high.<sup>1</sup>

(c) At present many women graduates do not make use of their studies because they are often obliged, on marriage, to give up regular occupational activity.

(d) The tendency for the average expectation of life to increase enables married women to resume their occupation when their children are in a position to earn their own living.

(e) While there are already many opportunities for women, even university graduates, to carry on an occupation as a subsidiary or intermittent activity, these could well be enlarged still further, without detriment to the family life of the women concerned.

(f) Any increase in the number of women students is desirable not only from the point of view of their economic activity, but also in itself.<sup>2</sup>

Two important facts emerge from this report: (i) the comparatively restricted number of girls attending a university; and (ii) the small proportion of women graduates who enter occupational life.

The facts are interesting in themselves and indicative of a general tendency among girls in Switzerland to abandon their studies earlier than in many countries. They result from a combination of economic and social factors related respectively to the organisation of education and vocational training and to the conditions of women's employment.

### **Education and vocational training for girls in Switzerland**

In Switzerland public education is the responsibility of the cantons; girls are admitted on equal terms to the primary schools and the rules determining the period of compulsory schooling are the same for girls and boys. This period varies from seven to nine years, depending on the canton, the minimum school-leaving age being between 13 and 16. The majority of primary schools are co-educational, at least in the lower classes.

At the end of their compulsory schooling girls may choose from a number of alternatives: they may continue their education in a secondary

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<sup>1</sup> In Switzerland this proportion has steadily increased since 1961, reaching 18.1 per cent. in 1965-66. It remains, nevertheless, extremely low compared with the percentages observed in other countries: Finland, 47 (1961-62); France, 43 (1964-65); Sweden, 32 (1960-61); Norway, almost 29 (1961); Great Britain, 25.4 (1961-62). (International Federation of University Women: *The position of the woman graduate today. A survey 1956-1965* (London, Feb. 1966), p. 6.)

<sup>2</sup> Département fédéral de l'Intérieur: *Rapport de la Commission fédérale pour l'étude des problèmes de relève dans le domaine des sciences morales, des professions médicales et des maîtres d'écoles moyennes* (Berne, 1963), pp. 200-201.

school with the object of obtaining a maturity diploma, which gives admission to a university; or they may go on to a school for general studies, such as exist in several cantons, where they receive instruction that serves as a base for a subsequent course of vocational training with a higher minimum age for admission (for example in nursery school teaching, nursing, the hotel trade); or they start their vocational training immediately by being apprenticed or entering a vocational school. It is difficult to form a picture of the manner in which the choice is made, for once girls complete compulsory schooling the federal statistical services lose sight of them.

Moreover, the schools catering for the first stage of secondary education offer such a diversity of structure and organisation in Switzerland that it is very difficult to make comparative calculations of the totals in the various types of school. This is somewhat easier in regard to the second stage, on which federal regulations concerning the maturity diploma impose a degree of uniformity; but there are as yet no federal statistics showing, for example, the proportion of girls who obtain their maturity diplomas.

During the school year 1961-62 the total number of girls attending schools providing the second stage of secondary education, other than the general studies section, was 5,725 as against 16,330 boys<sup>1</sup>, so that there was only just over one girl for every three boys preparing for the maturity diploma. More recent information obtained from the cantons provides only fragmentary details, from which general conclusions valid for the whole country can scarcely be deduced. It may be mentioned that, in the canton of Vaud, of every ten maturity diplomas awarded in the cantonal secondary schools in 1964, four were obtained by girls. In the canton of Berne 122 girls obtained the maturity diploma in 1966; the corresponding figure for boys was 344. In 1964 and 1965 respectively these figures were 129 and 126 for girls and 329 and 324 for boys.

It also appears from the data collected that while girls are in a distinct minority compared with boys in the secondary school sections preparing for the maturity diploma, they are in the majority in the other sections, especially in the general studies and commercial sections. The same situation is found in the teacher training schools, for example in Berne, where there were 1,697 girls amongst the 2,482 students enrolled in 1965.

Even when school attendance alone is considered, leaving aside the number of diplomas obtained, the situation in Switzerland does not compare very favourably with that in many other countries. In 1961 the percentage of girls receiving general secondary education was 45 (46 in 1959), a proportion exceeded in every other European country except the Federal Republic of Germany, Spain, Greece and Italy.

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<sup>1</sup> "L'enseignement en Suisse", in *Notes et études documentaires* (Paris, La Documentation française), No. 3046, 13 Dec. 1963, p. 33.

A sociological inquiry carried out in the canton of Geneva <sup>1</sup> shows that in the 19-20 age group the proportion of girls attending educational establishments is 13 per cent. (21 per cent. for boys). In seeking to explain the relative disinclination among girls for secondary and higher education, the author of the inquiry attributes it in part to the prospect of marriage, in part to the attraction of female occupations, for which girls are prepared in private institutions of near-university status (for social welfare, library or laboratory work, nursing, etc.) and, finally, to the practice of spending a period abroad for language study. Another work by the same author <sup>2</sup> shows that in the schools preparing for the commercial maturity diploma more girls than boys choose the short training course (three years) for commercial occupations at the lower levels. The over-all proportion of girls who fail to obtain any skilled training at all (35 per cent.) is nearly three times that of boys (12 per cent.) in the canton of Geneva.

With respect to the school syllabuses a very recent inquiry carried out for the Swiss Federation of Women's Institutes on the differences in the 25 cantonal educational systems as regards programmes for boys and girls respectively shows that in 15 cantons the girls receive less instruction in mathematics, and in 14 cantons fewer lessons in natural science, and that in general there are noticeable differences in the programmes relating to the mother tongue, history, civics, drawing, and gymnastics.

Vocational training is governed by a federal Act <sup>3</sup>, which is applied without distinction as to sex to minors over the age of 15 who have completed their compulsory schooling and are learning a trade regulated by the Act in an undertaking or a trade school. Though in theory all the training courses are open to boys and girls, the apprenticeship rules draw a distinction between the trades for boys and girls respectively, and the choice available to girls is considerably influenced by tradition and custom. This distinction corresponds to firmly established attitudes, even among trade unionists, who participate with the employers in drawing up the rules for apprenticeship, the Government being involved only to the extent of giving final approval.

However, even in a country like Switzerland, where political and economic stability tends to clothe ideas with an immutable character more marked than in many other countries, cracks are appearing in the traditional concepts under the pressure of economic necessity. Thus the trade of printing compositor, formerly reserved for boys, is attracting more and

<sup>1</sup> J. F. ROUILLER: *Taux de scolarisation et retard scolaire dans les écoles publiques genevoises* (Geneva, Centre de recherches sociologiques, 1965), in the series "Etudes et documents".

<sup>2</sup> Idem: *Implications de l'élimination scolaire* (Geneva, Centre de recherches sociologiques, 1965) in the series "Etudes et documents".

<sup>3</sup> Federal Vocational Training Act of 20 September 1963 (*Feuille fédérale* (Berne), Vol. II, No. 40, 10 Oct. 1963) amending the Federal Act respecting vocational training, dated 26 June 1930 (I.L.O.: *Legislative Series*, 1930—Switz. 5).



more girls, and there is also an increasing number of female taxi-drivers, draughtsmen, window dressers and post office employees, and of police-women. In trade union circles there is no open hostility to this development but there is often the fear that the admission of girls to these new occupations will have an adverse effect on wages.

The proportions of boys and girls in apprenticeship has been relatively stable in recent years. Leaving aside admissions to recognised commercial schools, the number of girls entering into contracts of apprenticeship between 1960 and 1965 represented almost 32 per cent. of girls leaving primary school. The corresponding figure for boys was 68 per cent.<sup>1</sup> Female apprentices took up approximately 30 per cent. of the total number of new contracts. Their preference was for commercial and administrative occupations, which absorbed 70 per cent. of all female apprentices in 1965. Next in order were the clothing sector and the health and personal services sector.

In industry, where the volume of female employment is far from negligible, women generally perform unskilled jobs that require only brief training. This fact was noted and regretted in the final report of the Commission set up to study the training of scientific and technical staff.<sup>2</sup> The report pointed out that, as a result of persisting prejudice, too many gifted young women fail to be channelled towards skilled work. Women who have followed a course of vocational training often do not find employment in the branch for which they have trained. Of 445,844 women who had received vocational training, only 200,453 were employed in 1960, and 112,178 (more than half) were following an occupation other than that in which they had been trained. Analysis reveals that most of the defections were from what are traditionally considered women's jobs (those of dressmaker, shop assistant).<sup>3</sup>

It is clear, therefore, that there are at the outset, as in most other countries, errors in vocational guidance, largely due to parental prejudice, but which the existing professional guidance services should be able to correct. Vocational guidance in Switzerland, like education, is the responsibility of the cantons. But in many cantons the vocational guidance staff is not the same for girls as for boys. It would be interesting to investigate to what extent this divided structure has contributed to maintaining stereotyped attitudes towards the occupational opportunities available to girls. To cite only one instance, there is no doubt that in Geneva the existence of a vocational guidance staff working without any distinction between girls and boys has greatly facilitated efforts to enlarge the field of employment opportunities for girls during the past few years.

<sup>1</sup> *La vie économique* (Berne), Apr. 1966.

<sup>2</sup> *Bulletin d'information du délégué aux possibilités de travail et à la défense nationale économique*, Cahier No. 1, Apr. 1959.

<sup>3</sup> Bureau fédéral de statistique: *Recensement fédéral de la population, 1<sup>er</sup> décembre 1960* (Berne, 1965), Part II: "Branches économiques et professions", table 24.

But none of these factors, which influence girls' choice of employment in practically every country, namely defects in vocational guidance, pressure exerted by parents or the social environment, and the attraction of marriage, can by themselves suffice to explain why in Switzerland to a larger extent than elsewhere girls turn away from secondary and university education and the longer vocational training courses. The question might be asked whether their attitude is not related to a particular feature of the country's political, economic and social life: the non-recognition of political rights for women.

It is well known that women in Switzerland have no political rights at all at the federal level, and that so far all attempts to change this situation have failed. Though excluded from any federal voting, women have, however, in certain cantons (Geneva, Vaud, Neuchâtel, Basle-City) succeeded in obtaining the right to vote in all cantonal decisions outside the competence of the Confederation. Two attempts to introduce women's suffrage in the cantons of Ticino and Zürich were rejected in 1966 as a result of pressure from various quarters including certain groups of women, who have formed a women's association against votes for women.

One immediate repercussion of this situation in relation to employment is that women are automatically excluded from all the professions connected with the exercise of civic rights (the judiciary, membership of Parliament, etc.).

It is logical to conclude that this form of prohibition considerably restricts equality of opportunity for girls pursuing a secondary or higher education. Even though there is nothing in theory to prevent their following such an education, they are under a handicap from the start because the diploma they obtain can never have the same value for them as for boys. Their political minority status is not conducive to developing ambition or to encouraging them to engage in a long course of vocational training, and it may well blunt their interest in vocational and social problems that concern them directly. The effects of this inequality are becoming evident now that the opportunity to vote in certain cantons has enabled women to draw the attention of public opinion and official authorities to some of the problems that are important for them, but which have not excited the interest of the electorate (opportunities for part-time work, establishment of day-nurseries, etc.), and sometimes to exert a preponderant influence in decisions concerning their occupational status: we may refer to the example of the women of Vaud in the campaign for equal pay for civil servants.

### **Access to employment**

The situation on the political plane may also have some bearing on the maintenance of various forms of *de facto* discrimination that make access to and the practice of certain professions excessively difficult for

women who have persevered in completing their studies or training, especially in the public service but also in all activities of a quasi-public character—in particular for women lawyers, who in numerous cantons are excluded from the higher administrative posts. Where there is no legal impediment, customary law and tradition may bar the way to responsible posts. It is rare, also, for a woman civil servant to receive the same salary as a male colleague and some cantons long maintained in their laws a provision for the automatic application of a lower salary scale for their female officials. The profession of notary is open to women only in certain cantons and the prospect of a diplomatic career is practically non-existent, although training for the diplomatic service has been provided for women for some years.

In the teaching profession the legal or traditional barriers preventing women from serving as secondary-school teachers were not removed until the Second World War, following difficulties in recruiting sufficient staff. As recently as 1950 some cantons refused to allow women to teach except in the lower classes in the primary schools.<sup>1</sup>

The marriage bar, often enforced in the civil service either by law or by regulations<sup>2</sup>, may also create difficulties.

To all these obstacles of a legal or psychological nature deterring women from following an occupation must be added the effects of a fiscal policy that is unfavourable to married women workers. For both federal and cantonal purposes the woman's income and capital are added to her husband's and he alone is required to make a return. The steeply progressive scale of taxation means that the woman's income is considerably reduced and if she is working on a part-time basis or receives only a modest wage the benefit from her economic activity is very greatly diminished.

Swiss sociologists and writers looking for an explanation for the lack of enthusiasm shown by girls for serious preparation for an occupation no doubt tend to underestimate the importance of all these open or tacit resistances to the employment of women. Their influence may determine women's attitudes at least as much as does the attraction of marriage, which by itself is insufficient to explain, for example, why out of 12,104 women in Switzerland who had completed a university course of study, only just over half were carrying on any occupation, and of these, 11.2 per cent. in a part-time capacity.<sup>3</sup>

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<sup>1</sup> Hélène THALMANN: "La situation de la femme universitaire en Suisse", in *Revue universitaire suisse* (Zürich), 1950, No. 4, p. 154.

<sup>2</sup> The federal Act respecting civil servants, dated 30 November 1962, provides that the marriage of a woman civil servant may be regarded as adequate ground for the termination of her contract. It appears that this rule is not being applied at present, but so long as it remains unrepealed it could be invoked in the event of economic crisis or unemployment.

<sup>3</sup> Statistics from the federal census of 1960 quoted by Liselott SCHUCAN-GROB: "Teilzeitarbeit der Akademikerin", in *Berufsberatung und Berufsbildung* (Zürich, Association suisse pour l'orientation professionnelle et la protection des apprentis), Nos. 3-4, 1967.



In this respect Switzerland's position differs from that of many countries, where the tendency is for the rate of women's economic activity to increase with their level of qualification so that the longer and more advanced their training the less they are inclined to give up work because of marriage or motherhood.

### **Maternity protection**

There is no special maternity insurance in Switzerland nor any general system of social security including a maternity section. The sickness insurance schemes do grant certain maternity benefits; such insurance is not, however, compulsory throughout Switzerland. There were still in 1965 five cantons that had not made it compulsory, and in some others it is compulsory only in certain municipalities. The daily cash allowances granted for incapacity for work are often no more than 50 per cent. of the wage or salary, and the sickness funds are not generally obliged to supplement them with benefits in kind.<sup>1</sup>

Some improvement has been effected in the matter of maternity leave by the new federal Act respecting work in industry, handicrafts and commerce. Whilst under the earlier federal laws only women working in establishments covered by the Factory Act, or in federal establishments or those licensed by the federal authorities, were protected against dismissal during their period of maternity leave, this protection is now extended to a much larger number of workers. Postnatal leave, previously fixed at six weeks, with the option of eight weeks in factories, is now eight weeks, which may be reduced to six at the request of the woman concerned if she produces a medical certificate. After eight weeks, counted from the date of confinement, nursing mothers may work only with their consent, and the employer must allow time off for nursing. Expectant mothers may work only if they consent, and never outside normal working hours. They are to be excused work or allowed to leave their work without any other formality than that of notifying the employer (section 35).

The introduction of a general maternity insurance scheme in Switzerland has been the subject of lengthy discussion, the trade union view being that the protection afforded by the federal legislation to working women is insufficient as it makes no provision for compensation for loss of earnings. The Swiss Trade Union Federation and women's organisations were greatly disappointed when the Federal Council announced that it would not be possible to include a maternity insurance scheme among the provisions concerning sickness insurance when the latter were revised.

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<sup>1</sup> Arnold SAXER: *Die soziale Sicherheit in der Schweiz* (Berne, Verlag Paul Haupt, 1963).

Further study is being devoted to the improvements that should be made to maternity protection, and there is an increasingly clear tendency to treat maternity in the same way as sickness, the employer being required to pay the woman's wages for the period of confinement, as is already the case in the event of sickness, in accordance with section 335 of the Code of Obligations. At present entitlement to payment of wages is restricted to a relatively short period and is acquired only after a certain length of service. A provision of this kind would, moreover, be contrary to international Conventions on the subject of maternity protection<sup>1</sup>, which forbid the practice of making the individual employer responsible for the cost of benefits payable to the women he employs.

It is true that the obligation to pay wages has been replaced, in certain collective agreements, by the obligation on the part of the employer to pay part of the sickness insurance contributions but, as has been seen above, the protection afforded by such insurance is not equivalent in its scope, nature or duration to that provided under the relevant international labour Conventions. This is the reason given by the Swiss Government for its inability to ratify these Conventions.<sup>2</sup>

It would also be possible in this sphere for collective agreements to fill in the gaps in the statutory provisions, but there are rarely any such special arrangements referring to maternity.

It is difficult to ascertain whether the reason for this considerable lacuna in the social organisation of a country as economically privileged as Switzerland is to be found in the absence of need for such provisions and the fact that most women give up their work as soon as their first child is born—which is often the view taken by employers—or whether, on the other hand, it is due to a failure to recognise the needs of the women concerned.

As there are no data in Switzerland indicating the age of the children of working mothers, it is difficult to assess these needs. Some estimates, however, are possible. A recent inquiry<sup>3</sup> carried out in Geneva on facilities for the care of children under school age shows that, on the basis of the latest federal census, the proportion of children up to the age of 6 whose mothers were at work was 11.5 per cent. in 1960. In the same canton the places available in day nurseries were sufficient only for approximately one working mother in six, the other five being obliged to make their own private arrangements.

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<sup>1</sup> Maternity Protection Convention, 1919, and Maternity Protection Convention (Revised), 1952, neither of which has been ratified by Switzerland.

<sup>2</sup> International Labour Conference, 49th Session, Geneva, 1965: Report III (Part II): *Summary of reports on unratified Conventions and on Recommendations* (Geneva, I.L.O., 1965), p. 91.

<sup>3</sup> Walo HUTMACHER, in collaboration with A. L. DU PASQUIER: *Problèmes de placement d'enfants d'âge préscolaire à Genève, 1964: Les crèches* (Geneva, Département de l'Instruction publique, Service de la recherche sociologique, Mar. 1966).

These figures appear to indicate some change in the attitudes of women in Switzerland, and a more precise assessment of the needs of working mothers, following the example of Geneva, might well be worth undertaking.

### **Conditions of work**

As a result of its federal structure Switzerland has a double set of laws: cantonal and federal. The Confederation has power to legislate only in the areas expressly defined by the Constitution.

The Confederation's sphere of competence was comparatively limited at the beginning of the century but has gradually been extended with the passage of years and now covers practically the whole field of social legislation. The culmination of this process was the adoption on 13 March 1964 of a federal Act respecting work in industry, handicrafts and commerce, known as the Labour Act, which came into force on 1 February 1966.<sup>1</sup> The Act repeals a number of federal Acts previously in force, its scope being much more extensive; it does not, however, apply either to agriculture or domestic service, two important sectors for women workers; nor does it apply to family undertakings. It lays down minimum standards that are in many cases already exceeded by the more advantageous provisions of collective agreements, notably as regards hours of work and holidays with pay.

### **Hours of work and holidays with pay**

The maximum number of weekly hours of work is fixed by the Act at 46 for workers of either sex employed in industrial undertakings and for clerical workers, technical staff and other non-manual workers including the sales personnel of large retail commercial establishments, and at 50 hours for all other workers.

In 1965, however, according to the statistics of the Federal Office of Industry, the average weekly hours of work were only about 45 (including overtime). In various sectors they have been fixed either by law or by agreement at 44, as, for example, in most urban transport undertakings, for the office staff of federal services (the federal railways, the post, telephone and telegraph services, customs services, federal workshops) and for certain branches of industry (metallurgy, watch-making, etc.).

The hours fixed by law or by agreement are generally the same for men and for women, but the new federal Act introduces an innovation

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<sup>1</sup> Order of the Federal Council dated 14 January 1966 (*Recueil des lois fédérales*, 24 Jan. 1966, No. 4, p. 84). A detailed analysis of the Act appeared in the *International Labour Review*, Vol. 91, No. 4, Apr. 1965, pp. 341-344. Two administrative ordinances have been made under the Act, one dealing with the details of its coming into force, the other specifying exceptions for certain categories of undertaking.



in favour of the latter. Under section 36 women workers responsible for a household that includes their near relations must on their request be allowed a midday break of at least one-and-a-half hours, and they may not be required to work overtime without their consent. In establishments where night work is usual women may not be employed in shifts where work goes on later than 10 p.m. or starts before 5 a.m. There must be a rest period between working days of a minimum of 11 hours (section 34).

The federal Act does not specifically prescribe the length of holidays with pay, but a section 341 *bis* has been added to the Code of Obligations, fixing the minimum annual paid holiday at three weeks for young workers and apprentices and two weeks for adults, which period may be extended up to three weeks by the cantonal authorities.

An inquiry, published in 1963, on the system of holidays with pay and public holidays<sup>1</sup> shows that, by the end of 1962, 12 cantons had adopted legislation regulating paid leave. Only three<sup>2</sup> out of these 12 cantons had adopted the system of three weeks' paid holiday (Geneva, Neuchâtel and Vaud) without making its grant conditional upon the attainment of a certain age or a certain number of years of service, as is usual in cantonal legislation and in most of the collective agreements.<sup>3</sup>

## **Wages**

Wages are in general regulated in the private sector by agreement between employers and workers, and the Confederation can intervene only when the workers concerned are not in a position to defend their own interests.

Switzerland has not ratified the Equal Remuneration Convention, 1951<sup>4</sup>; in 1952 the Federal Council took the view that governmental action would be appropriate only if women workers were so badly paid that intervention was called for in the general interest, and that the existing situation did not justify such action.<sup>5</sup> It may be observed in this connection that if the Federal Council wished to act indirectly, as has been done in other countries (France, Belgium and the Federal Republic of Germany, for example), by refusing to grant any extension or binding force to collective agreements that do not respect the principle of equal pay, it could very well do so, as existing legislation

<sup>1</sup> " Régime des vacances et jours fériés prévu par les conventions collectives de travail (octobre 1962) ", 71st Supplement to *La vie économique* (Berne), 1963.

<sup>2</sup> It would appear that the three-week holiday has since been adopted by the cantons of Zürich and Basle-City.

<sup>3</sup> In the textile industry, for example, workers are entitled to three weeks' holiday with pay only after 21 years' service; in the clothing industry, after 15 or 20 years' service; in watch-making, after ten.

<sup>4</sup> As at 1 June 1967 this Convention had been ratified by 54 countries.

<sup>5</sup> " Rapport du Conseil fédéral à l'Assemblée fédérale sur la 34<sup>me</sup> session de la Conférence internationale du Travail (1951) ", in *Feuille fédérale*, Vol. III, No. 52, 18 Dec. 1952.

allows collective agreements and similar arrangements to be given binding force only on condition that their terms respect equality before the law.

An analysis of the figures regularly furnished by the Federal Office of Industry, Arts and Crafts, and Labour on wages and salaries in different sectors of economic activity shows that the situation is not entirely satisfactory in this respect.

From 1939 to 1964, in economic activity in general, women's pay remained substantially lower than men's for work of equal value.<sup>1</sup> The differences observed were, however, less in 1964 than in 1939, indicating some progress towards the achievement of equality.

For wage earners the difference between average male and female workers' wages was 0.60 francs per hour (i.e. women's wages were 44 per cent. lower than men's) in June 1939; in October 1964 the difference was 1.80 francs per hour (i.e. women's wages were 37.3 per cent. lower). Among salaried employees the average monthly salaries of women in category 2 (employees working under supervision but with certified apprenticeship or completed education) amounted to 68.1 per cent. of the corresponding male salaries (i.e. women's salaries were 31.9 per cent. lower), in October 1964, against a figure of 64.9 per cent. (i.e. women's salaries were 35.1 per cent. lower) in June 1939.

It should be mentioned that these statistics from the Federal Office of Industry, Arts and Crafts, and Labour refer to general averages and do not take into account factors such as age or seniority, which, like the level of skill, generally affect pay, so that more detailed figures are needed to measure exactly wage differentials exclusively due to the difference of sex.

A more thoroughgoing study of women's pay in Switzerland might also show that inequalities often result from the current system of occupational classification, under which all women production workers are grouped under one heading without any consideration of the level of skill. Thus in the metallurgical industry, the pay scale for adult workers comprises four broad classifications in diminishing order of wage rate: skilled workers, semi-skilled workers, unskilled workers and, finally, women workers, the effect being that the average hourly wage of women workers in metallurgy was in 1966 more than 1 franc lower than that for unskilled workers, i.e. labourers.<sup>2</sup>

But the chief interest of the data published by the Federal Office lies not so much in the figures themselves as in the trends they disclose in the recent movement of women workers' wages and salaries. It is, in fact, clear that women wage earners have received relatively larger increases in their remuneration than have salaried employees, who, however,

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<sup>1</sup> "Enquête sur les salaires et traitements versés en octobre 1964", in *La vie économique* (Berne), Apr. 1965.

<sup>2</sup> "Enquête sur les salaires et traitements versés en octobre 1966", *ibid.*, Mar. 1967.

remain less at a disadvantage in relation to their male colleagues—doubtless as a result of the more strictly defined range of skills demanded in this sector. It appears from the inquiry carried out in October 1964<sup>1</sup> that in banks salary differentials were distinctly lower for skilled staff than for unskilled.

In the clothing industry, wage increases for women were greater than for men between 1949 and 1964, whereas in textiles the pay differential is still substantial and is increasing every year, as women were not granted the same wage adjustments as men from 1949 to 1964. This state of affairs can be related to the employment of a high proportion of foreign workers in this sector.

Progressive alignment of rates of pay can be observed in some other sectors, such as insurance, printing, the food industry and watchmaking. It may be attributed in part to the severe labour shortage in these sectors, which has forced the employers to promote employment for women, and in part, but apparently to a lesser degree, to the influence exerted by the move towards the equalisation of wages and salaries in the European Economic Community following the adoption of Article 119 of the Treaty of Rome. It is significant, in this regard, that the principle of equality of pay is generally respected in the occupations that have only recently become open to women (the Swissair air transport company, the police, and municipal transport services).

Working conditions and salaries in the civil service and in education are determined by legislation at cantonal level and display a great diversity. In 1965 the principle of equal pay was fully applied in education in only six cantons.<sup>2</sup>

The reasons given for maintaining inequalities of pay between men and women are—in Switzerland as in other countries—mainly economic.

It appears to be the view of the Federal Council that nothing has arisen to justify any modification, at present, of the view it expressed on this question 15 years ago in the report presented to the Federal Assembly on the question of ratification of the Equal Remuneration Convention, 1951, in which it stated that if the State enforced a pay increase for women workers, numerous branches of the economy would be heavily burdened and their capacity to compete in world markets severely handicapped, from which social as well as economic disadvantages might be expected for the country as a whole.<sup>3</sup>

In the circumstances it is gratifying that these economic considerations have not prevented Switzerland from accepting the obligations of

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<sup>1</sup> "Enquête sur les salaires et traitements versés en octobre 1964", in *La vie économique* (Berne), Jan. 1965.

<sup>2</sup> Aargau, Geneva, Saint-Gall, Schaffhausen, Ticino, Zürich and (primary education only) the Grisons.

<sup>3</sup> "Rapport du Conseil fédéral à l'Assemblée fédérale sur la 34<sup>me</sup> session de la Conférence internationale du Travail (1951)", in *Feuille fédérale*, Vol. III, No. 2, 18 Dec. 1952.



the Discrimination (Employment and Occupation) Convention, 1958, ratification of which implies, as the Federal Council itself admits<sup>1</sup>, "recognition of the principle of equality of remuneration for men and women".

### Conclusions

What conclusions can be drawn from this brief survey of the position of women in Switzerland?

First of all it should be pointed out that for a complete picture of the situation more detailed statistics are required, particularly on the distribution of the female labour force according to level of skill. The few indications emerging from studies of rates of pay show that women workers are numerous at the lower levels of occupational classification but very sparse at the higher levels. As the report of the Federal Commission on the recruitment of graduate staff shows<sup>2</sup>, this situation is attributable to the inadequacy of girls' education, arising from the fact that they do not study for as many years as boys.

We noticed above, however, that this disinclination for advanced education and vocational training is, if not the result of, at least strongly encouraged by, inequality of political rights and by discrimination, either *de jure* or *de facto*, against which women have no means of political redress.

While it is scarcely possible, for want of the necessary data, to form a precise idea of the qualitative aspect of the role played by women workers in economic activity in Switzerland, we have enough to assess their quantitative contribution to the various branches of activity, and to note the following facts.

(1) The rate of activity of women workers has increased steadily since 1941.

(2) Their proportion within the total labour force has remained stable since 1950, in spite of the increasing foreign element.

(3) Swiss women are tending to abandon certain branches of economic activity (agriculture, domestic service, textiles) and to take up employment in the "commercial, banking and insurance" branch and in services.

(4) The proportion of economically active married women has substantially increased, although less than in many other countries, and although, in particular, the tendency observed elsewhere for women to resume employment after bringing up their children is less pronounced in Switzerland than elsewhere.

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<sup>1</sup> "Rapport du Conseil fédéral à l'Assemblée fédérale sur la 42<sup>me</sup> et la 43<sup>me</sup> session de la Conférence internationale du Travail et message sur la ratification de la convention concernant la discrimination en matière d'emploi et de profession", in *Feuille fédérale*, Vol. I, No. 2, 14 Jan. 1960.

<sup>2</sup> See pp. 297-298 above.

Regarding women's conditions of work, some improvement has been effected by the new federal Act, but insufficient consideration is given to women workers' special problems in relation to maternity and motherhood. Finally, women's work is not rewarded in the same measure as men's, and inequality of pay is still the major problem—after that of political rights—for economically active women in Switzerland.

### Appendix: tables

TABLE I A. MARITAL STATUS OF ECONOMICALLY ACTIVE FEMALE POPULATION  
OVER THE AGE OF 15, 1930 TO 1960

(Thousands)

Year	All women			Married			Single, widowed and divorced		
	Total	Economically active		Total	Economically active		Total	Economically active	
		Num-ber	Per-centage		Num-ber	Per-centage		Num-ber	Per-centage
1930..	1 614	609	37.7	764	88	11.6	851	521	61.2
1941..	1 741	569	32.7	875	77	8.8	866	492	73.9
1950..	1 898	639	33.7	1 013	104	10.3	886	535	60.4
1960..	2 142	756	35.3	1 199	192	16.0	943	564	59.8

TABLE I B. DISTRIBUTION OF ECONOMICALLY ACTIVE FEMALE POPULATION  
OVER THE AGE OF 15, BY MARITAL STATUS, 1930 TO 1960

(Percentages)

Year	All economically active women	Married	Single	Widowed	Divorced
1930 . . . . .	100	14.5	74.5	8.6	2.4
1941 . . . . .	100	13.5	74.2	8.5	3.8
1950 . . . . .	100	16.3	70.7	8.2	4.8
1960 . . . . .	100	25.3	62.6	6.9	5.2

Sources: Käthe BISKE: "Die Schweizer Frau in der Statistik", in *Die Schweiz, ein nationales Jahrbuch*, 1958 (Berne, Nouvelle Société Helvétique), pp. 5-30; Bureau fédéral de statistique: *Recensement fédéral de la population, 1<sup>er</sup> décembre 1960* (Berne, 1965), Part II, table 10.

TABLE II. PERCENTAGE DISTRIBUTION OF ACTIVE POPULATION, BY SEX AND BRANCH OF ECONOMIC ACTIVITY, 1900 TO 1960

Year and sex	Agriculture and forestry	Industry and trades	Commerce, banking, insurance	Hotels, boarding houses, restaurants	Public and private services (excluding domestic service)	Domestic service	All branches (including miscellaneous activities)
<i>Men:</i>							
1900 . .	37.9	32.9	6.0	1.9	4.0	0.6 <sup>1</sup>	100.0
1930 . .	27.2	35.0	14.5	2.3	6.2	0.05	100.0
1941 . .	27.0	34.8	9.5	1.9	7.2	0.02	100.0
1950 . .	21.5	38.2	10.8	2.0	7.3	0.02	100.0
1960 . .	14.7	41.3	11.2	2.3	7.4	0.05	100.0
<i>Women:</i>							
1900 . .	16.1	43.2	5.1	7.3	3.6	22.7	100.0
1930 . .	8.4	35.0	11.6	10.5	9.9	18.7	100.0
1941 . .	5.3	34.8	13.1	10.6	10.4	17.8	100.0
1950 . .	4.7	35.0	15.9	9.9	10.1	15.5	100.0
1960 . .	3.0	36.2	19.7	9.6	10.3	10.8	100.0

Source: *Recensement fédéral de la population, 1<sup>er</sup> décembre 1960*, op. cit., Part II, tables 5 and 6.

<sup>1</sup> Including a category of workers classified in 1930 under "other services".



TABLE III. NUMBERS OF WOMEN EMPLOYED, BY PRINCIPAL BRANCH OF ACTIVITY AND AS A PERCENTAGE OF THE TOTAL LABOUR FORCE IN EACH BRANCH, 1900 TO 1960

Branch of activity	Number of women employed (including foreigners)					Percentage of the total labour force in the branch				
	1900	1930	1941	1950	1960	1900	1930	1941	1950	1960
Industry and trades <sup>1</sup> . . . . .	215 091	214 029	198 531	224 379	273 811	38.1	31.5	28.6	27.9	23.2
<i>of which:</i>										
Food . . . . .	6 779	13 823	15 544	20 034	26 587	14.5	20.0	20.3	24.1	29.1
Textiles . . . . .	102 982	65 320	37 522	43 438	44 379	62.7	59.5	54.0	55.9	55.7
Clothing (including footwear) . . . . .	73 792	74 383	74 549	71 472	64 638	67.1	65.7	67.7	68.1	71.7
Metallurgy . . . . .	1 082	4 638	6 531	8 797	15 833	3.3	6.2	7.8	8.5	10.1
Engineering . . . . .	367	6 944	13 875	16 430	34 530	1.0	7.1	10.3	10.3	14.0
Watchmaking . . . . .	17 918	23 008	21 454	26 958	35 945	32.6	37.2	42.1	41.2	45.1
Chemicals . . . . .	638	3 145	4 773	7 831	12 442	11.1	18.2	19.4	22.1	24.6
Printing trades . . . . .	2 217	7 161	7 219	9 524	14 268	15.3	25.8	25.2	26.3	27.8
Commerce, banking and insurance . . . . .	25 219	71 034	65 677	101 840	149 238	28.3	35.5	31.4	38.2	43.1
Hotels, boarding houses and restaurants . . . . .	36 492	64 012	68 127	63 713	72 626	64.2	70.2	75.8	68.2	63.9
Domestic service . . . . .	86 630 <sup>2</sup>	114 598	101 640	99 241	81 690	70.2	99.4	99.7	99.7	98.9
Other services . . . . .	—	60 512	57 585	64 418	77 577		42.2	35.4	36.7	37.7
<b>All branches <sup>3</sup> . . . . .</b>	<b>497 713</b>	<b>611 628</b>	<b>570 215</b>	<b>640 424</b>	<b>756 418</b>	<b>32.0</b>	<b>31.5</b>	<b>28.6</b>	<b>30.9</b>	<b>30.9</b>

Source: Recensement fédéral de la population, 1<sup>er</sup> décembre 1960, op. cit., Part II, tables 5 and 6.

<sup>1</sup> As certain sectors of industry employing only a few women have not been shown separately, this total is not the sum of the figures for the sectors given in the table. <sup>2</sup> "Other services" are included in this figure for the year 1900. <sup>3</sup> These totals are not the sum of the figures shown in the columns, as certain branches where few women are employed have been omitted.

TABLE IV. NUMBERS OF FOREIGN WOMEN EMPLOYED, BY BRANCH OF ACTIVITY AND AS A PERCENTAGE OF THE TOTAL FEMALE LABOUR FORCE IN EACH BRANCH, 1900 TO 1960

Branch of activity	Foreign women workers					Percentage of all women workers in the branch				
	1900	1930	1941	1950	1960	1900	1930	1941	1950	1960
Industry and trades <sup>1</sup> . . . . .	23 263	25 190	15 951	22 633	66 136	10.8	11.8	8.0	10.0	24.1
<i>of which:</i>										
Food . . . . .	789	1 314	892	1 523	4 445	11.6	9.5	5.7	7.6	16.7
Textiles . . . . .	9 551	7 652	3 150	7 191	17 401	9.3	11.7	8.4	16.5	39.2
Clothing (including footwear) . . . . .	9 259	9 850	6 967	7 684	19 522	12.5	13.2	9.3	10.7	30.2
Metallurgy . . . . .	186	526	427	695	3 309	17.1	11.3	6.5	7.9	20.9
Engineering . . . . .	69	774	751	1 272	9 176	18.8	11.1	5.4	7.7	26.6
Watchmaking . . . . .	1 465	1 726	1 182	1 450	3 885	8.2	7.5	5.5	5.4	10.8
Chemicals . . . . .	117	438	332	502	1 299	18.3	13.9	6.9	6.4	10.4
Printing trades . . . . .	397	1 002	640	718	1 738	17.9	14.0	8.9	7.5	12.2
Commerce, banking and insurance . . . . .	4 181	9 115	5 468	6 372	9 861	16.6	12.8	7.3	6.2	6.6
Hotels, boarding houses, and restaurants . . . . .	6 977	11 084	4 826	12 793	20 877	19.1	17.3	8.0	20.1	28.7
Services . . . . .	2 714	8 267	5 423	6 038	8 469	15.2	13.7	9.1	9.4	10.9
Domestic service <sup>2</sup> . . . . .	26 554	33 210	10 983	34 233	29 225	2.4	29.0	18.4	34.5	35.8
Institutions . . . . .	1 246	5 589	3 920	8 921	14 140	21.0	21.0	11.8	21.7	26.1
<b>All branches <sup>3</sup> . . . . .</b>	<b>67 445</b>	<b>94 917</b>	<b>47 895</b>	<b>92 916</b>	<b>150 969</b>	<b>13.5</b>	<b>15.5</b>	<b>8.4</b>	<b>14.5</b>	<b>19.9</b>

Source: *Recensement fédéral de la population, 1<sup>er</sup> décembre 1960*, op. cit., Part II, table 6.<sup>1</sup> As certain sectors of industry employing only a few women have not been shown separately, this total is not the sum of the figures for the sectors given in the table. <sup>2</sup> For the year 1900 this category included other miscellaneous services.<sup>3</sup> These totals are not the sum of the figures shown in the columns, as certain branches where few women are employed have been omitted.

# Women's Employment in Switzerland

TABLE V. AGE STRUCTURE OF FEMALE LABOUR FORCE, 1950 AND 1960

Age group	1950		1960	
	Number	Percentage	Number	Percentage
Under 15 . . . . .	948	0.2	670	0.1
15-19 . . . . .	104 736	16.3	132 400	17.5
20-24 . . . . .	123 085	19.2	138 247	18.2
25-29 . . . . .	75 333	11.8	85 065	11.3
30-39 . . . . .	94 081	14.7	118 884	15.7
40-49 . . . . .	102 310	16.0	101 411	13.4
50-59 . . . . .	81 948	12.8	106 979	14.2
60-64 . . . . .	27 256	4.2	37 161	4.9
65-69 . . . . .	16 881	2.6	20 392	2.7
70 and over . . .	13 846	2.2	15 209	2.0
All groups . . .	640 424	100.0	756 418	100.0

Sources: *Recensement fédéral de la population, 1950*, (Berne, 1957), Part II, table 14; *Recensement fédéral de la population, 1<sup>er</sup> décembre 1960*, op. cit., Part II, table 22.

TABLE VI. AGE STRUCTURE OF SWISS FEMALE POPULATION, 1950 AND 1960  
(Per thousand)

Age group	1950	1960
0-14 . . . . .	223	226
15-19 . . . . .	67	76
20-24 . . . . .	75	71
25-29 . . . . .	75	71
30-39 . . . . .	138	138
40-49 . . . . .	148	122
50-59 . . . . .	121	126
60-64 . . . . .	47	53
65-69 . . . . .	40	43
70 and over . . . . .	66	74

Sources: Calculated from United Nations, Department of Economic and Social Affairs: *Demographic Yearbook 1956* (New York, 1956); idem: *Demographic Yearbook 1964* (New York, 1965).



TABLE VII. FEMALE POPULATION, ECONOMICALLY ACTIVE POPULATION, AND ACTIVITY RATE, BY NATIONALITY AND AGE GROUP, 1950 AND 1960

[illegible]

Sources: As for table VI.

# Women's Employment in Switzerland

TABLE VIII. PARTICIPATION BY MARRIED WOMEN IN ECONOMIC ACTIVITY,  
1950 AND 1960

Branch	Percentage of married women in the female labour force of the branch	
	1950	1960
All branches . . . . .	16.3	25.3
Agriculture . . . . .	13.5	30.4
Industry and trades . . . . .	24.8	35.7
Food . . . . .	26.1	25.7
Textiles . . . . .	30.3	37.5
Clothing and footwear . . . . .	17.1	28.6
Metallurgy . . . . .	27.9	38.7
Engineering . . . . .	28.6	39.9
Watchmaking . . . . .	—	40.0
Commerce, banking and insurance . .	19.5	25.3
Commerce . . . . .	—	27.4
Banking . . . . .	—	13.6
Insurance . . . . .	—	16.2
Hotels, boarding houses and restau- rants . . . . .	15.7	27.3
Services . . . . .	—	13.4
Public administration, justice, na- tional defence . . . . .	10.9	16.5
Health and personal services . . .	16.6	14.8
Teaching and scientific work . . .	12.1	18.6
Domestic service . . . . .	4.3	6.0
Institutions . . . . .	4.5	8.3

Sources: *Recensement fédéral de la population, 1950*, op. cit., Part II, table 10; *Recensement fédéral de la population, 1<sup>er</sup> décembre 1960*, op. cit., Part II, table 13.

## CURRENT INFORMATION

### Participation of workers in state organisations and undertakings in Venezuela

An Act of 11 July 1966 provides that the boards or governing bodies of those autonomous institutions, economic development bodies and undertakings in which the State holds all or the greater part of the shares shall include representatives of organised labour. Representation is to be effected by the confederation, federation or union best qualified or of greatest importance in the sector of industry concerned, which is to present a list of five candidates for the appointment of one regular member and one substitute by the government department to which the institution is responsible. Candidates may be workers or other suitable persons enjoying the confidence of the trade union organisations. If the national authorities consider that the list does not fulfil the conditions laid down by the Act they may call for a new list. The workers' representative is to form part of the board on the same footing as its other members. The foregoing provisions do not apply to institutions with boards of fewer than five members, so long as the number is not increased by law, to bodies or undertakings in which the workers are already represented, to the Central Bank of Venezuela or to military institutions.

*(Gaceta Oficial de la República de Venezuela (Caracas), No. 1032 (extraordinary issue), 18 July 1966.)*

### Establishment of a National Labour Council in the Lebanon

The National Labour Council, which was established by Decree No. 6304 dated 5 December 1966 implementing Act No. 12/65 dated 17 February 1965, is an advisory body of the Ministry of Labour and Social Affairs with responsibility for examining social questions and problems arising out of employment relationships and for expressing its opinions and putting forward proposals and recommendations on the subject. It may be consulted over questions involving technical assistance in labour matters provided under international co-operation schemes and may be asked for its views on draft laws and on the draft decrees and regulations implementing them. It may likewise be instructed to carry out such surveys as are considered to be appropriate and desirable concerning questions falling within its sphere.

The National Labour Council consists of 29 members: 12 representing the employers, who are appointed from lists submitted by recognised employers' associations, 12 representing wage earners, who are appointed from lists submitted by recognised trade union federations, four representing respectively the Ministries of Planning, National Economy, Agriculture, and Labour and Social Affairs, and one member representing the secretariat of the National Social Security Fund. It



normally meets at least twice a year and is convened by the Minister of Labour and Social Affairs (who acts as Chairman) or where necessary by the Director-General of the Ministry of Labour and Social Affairs. A special session may be called at the request of the majority of the members representing the employers or the majority of the members representing the wage earners, or the administrative committee of the Council.

This committee is the executive body of the Council and consists of the Chairman of the Council or his substitute, two members elected by the employers' members and two elected by the wage earners' members.

The Council is to appoint special working committees consisting in each case of a member representing the Government, who acts as chairman, and four other members, two representing the employers and two representing the wage earners; these committees will deal with such matters as wages, manpower and occupational organisations, employment relationships and apprenticeship, employment in agriculture, and the protection of workers.

Official departments and agencies are required to facilitate the surveys and investigations of the Council and its committees by supplying documents and information, unless they are forbidden to do so by law or the information concerned is secret.

(*Bulletin de législation libanaise* (Beirut, Bureau des documentations libanaises et arabes), No. 101, 1966.)

### **New regulations concerning overtime in France**

A decree (No. 67-68) was issued on 20 January 1967 giving detailed rules for the implementation of the Hours of Work Act (No. 66-401) dated

18 June 1966<sup>1</sup> and amending section 3 of Act No. 46-283 dated 25 February 1946<sup>2</sup>, which restricts the number of hours of overtime that may be worked. Whereas the earlier Act stipulated that not more than 20 hours' overtime might be worked per week, the new enactment states that "the average weekly hours of work calculated over any period of 12 consecutive weeks shall not exceed 54" and that "in no circumstances shall more than 60 hours be worked during any one week".

### **EXCEPTIONS**

The restrictions imposed by the Act of 18 June 1966 on overtime working are not, however, absolute. The Act allows exceptions to be made in certain industries, establishments or areas; the decree states that such exceptions may only be made for a period specified in each case by the appropriate authority. On the expiry of this period an exception may be renewed at the parties' request but only by a specific decision taken in the same way as on the initial application. The appropriate authority may cancel an exception at any time if the reasons for granting it are no longer valid.

Exceptions may take one of the following forms: (a) permission to exceed the weekly average of 54 hours over a period of 12 consecutive weeks; (b) permission to spread the weekly average over a period of more than 12 consecutive weeks; (c) a combination of (a) and (b).

The decree adds that in granting an exception the appropriate authority must specify the extent and manner of its application and any other relevant conditions.

<sup>1</sup> *Journal officiel de la République française*, 21 June 1966, p. 5036.

<sup>2</sup> I.L.O.: *Legislative Series*, 1946—Fr. 2.

Finally, permission for an exception to be made may be accompanied by a requirement that the establishment concerned compensate for the exception *either* by shortening average weekly hours of work to less than 54 for a specified period after the expiry of the exception; *or* by granting the workers additional time off.

In these cases also, the manner in which such compensation is to be given must be specified in the decision granting the exception.

#### PROCEDURE FOR GRANTING EXCEPTIONS

The procedure for granting exceptions varies according to whether they are for the whole of an industry throughout the country, for an industry in a particular area, département or region, or for an individual establishment.

1. In the case of the whole of an industry throughout the country applications for an exception must be submitted by the employers' association concerned to the Minister of Social Affairs, who issues an order after consultation with the most representative employers' and workers' organisations in the industry concerned.

2. For an industry in a particular area, département or region applications must be submitted by the employers' association concerned to the Regional Director of Labour and Manpower. The decision is taken by the Minister of Social Affairs or, with his authorisation, by the Regional Director of Labour and Manpower, who first consults the most representative employers' and workers' organisations and takes into account economic and employment conditions in the area or industry concerned.

However, once an exception has been granted, each establishment in the industry concerned must obtain the approval of the labour inspector before taking action; the inspector comes to his decision after consulting the works committee or, if there is none, the shop stewards.

3. In an individual establishment the employer must submit his application, together with reasons and the views of the works committee or, if there is none, of the shop stewards, to the local labour inspector. The latter forwards it to the Director of Labour and Manpower of the département, together with a report stating whether the circumstances of the establishment concerned are such as to justify the granting of an exception. The Director of Labour and Manpower for the département takes his decision on the basis of this report.

*(Journal officiel de la République française, 24 Jan. 1967, pp. 918-919.)*

#### New pensions legislation in Rumania

A new Employed Persons' Pensions Act, which came into force on 1 January 1967, repeals the previous legislation on the subject.<sup>1</sup> Its purpose is to adapt the level of pensions to economic progress and to help to increase material incentives for employed persons to contribute to the country's economic development. Its guiding principles are the following: (a) to stress the interdependence of the pension level and the beneficiary's previous wage level by abolishing the

<sup>1</sup> Decree No. 292 respecting entitlement to pensions under the state social insurance scheme, dated 30 July 1959 (see I.L.O.: *Legislative Series*, 1959—Rum. 1) and Decree No. 878 dated 20 November 1962 to amend and supplement the above-mentioned decree (*ibid.*, 1962—Rum. 1).

wage ceiling hitherto applied in calculating pensions, as well as maximum pension rates; (b) to promote the extension of insured persons' active lives by guaranteeing their right to remain in employment even if they have already reached pensionable age and by permitting, within certain limits, the combination of pensions and wages in the case of selected occupations specified by regulations; (c) to contribute to the stabilisation of the labour force by taking continuity of employment into account when calculating pensions; (d) to supplement the general pension scheme by introducing a compulsory supplementary pension scheme based on personal contributions.

The new provisions are summarised below.

The new Act maintains invalidity and old-age pension entitlement for all employed persons and for persons who have become disabled during and on account of the performance of their military service or other civic duties, and survivors' pension entitlement for such persons' dependants. The provisions have been extended to cover students and school children who have become disabled during and on account of their vocational training.

#### OLD-AGE PENSIONS

Any person who has been employed for the qualifying period of 25 years (20 years for women) and has reached the age of 60 (55 for women) is entitled to an old-age pension, the actual expression used in the Act being "superannuation pension". With effect from 1 January 1967, however, the worker may continue in employment and the undertaking may not require his retirement before the age of 62 (57 for women), this

limit being raised to 65 years (60 in the case of women) for university teachers and certain other categories of scientific and research workers.

For workers who have been employed in "highly harmful, highly arduous or highly hazardous occupations" (first category) or in "harmful, arduous or hazardous occupations" (second category) the age limit is reduced by six months and three months respectively for each year's work performed in such occupations, subject to a minimum age of 50 years. The required period of employment is reduced in the same proportions.

Employed women who have brought up three or more children until the age of 10 may claim an old-age pension before reaching the standard age of eligibility. The age limit is reduced by one year in respect of three children, by two years in respect of four children and by three years in respect of five or more children. This provision is without prejudice to the right of women workers to remain in employment until reaching the normal age limit.

Special age limits are laid down for civilian flying personnel and for certain categories of performing artists.

The basic old-age pension, which may be increased in accordance with the duration and continuity of employment, is calculated in proportion to the monthly reference wage. For workers in the first category it ranges from 70 per cent. of a wage above 2,800 lei to 100 per cent. of a wage below 800 lei, the corresponding figures being 65 to 95 per cent. for workers in the second category and 60 to 90 per cent. for workers in the third category. The percentages laid down for workers in the first and second categories apply to persons who have performed work



corresponding to those categories for not less than 20 years.

For each year of employment beyond the minimum qualifying period the workers in the various categories are entitled to a pension supplement representing 1 per cent. of the reference wage. Long continuity of employment provides entitlement to a pension supplement calculated as follows: 4 per cent. of the pension for 10 to 15 years' continuity of employment, 7 per cent. for 15 to 20 years and 10 per cent. for over 20 years. The total pension may not, however, exceed the reference wage.

Persons who have not completed the prescribed employment period for entitlement to old-age pension are, nevertheless, entitled to a reduced old-age pension if they have been employed for not less than ten years and have reached the age of 62 (57 for women). The pension is calculated in proportion to the number of years of employment.

#### INVALIDITY PENSIONS

The qualifying period for entitlement to an invalidity pension varies according to the age of the beneficiary. It ranges from one year (up to the age of 20) to 22 years (above the age of 60) and from one year to 17 years for women. If invalidity is due to an accident at work, an occupational disease or tuberculosis no qualifying period is required.

The basic invalidity pension rate is established in accordance with the previous wage and the degree of invalidity (grade I, where the person concerned is totally incapacitated for work and requires the constant attendance of another person; grade II, where the person concerned is totally incapacitated for work but does not require the attendance of another person; grade III, where the

person concerned is partially incapacitated for work).

In the case of grade I invalidity the basic rate ranges from 35 per cent. of a monthly wage above 2,800 lei to 65 per cent. of a wage below 800 lei. The pension is increased by 1 per cent. of the reference wage in respect of each year of employment. In the case of grade II invalidity the pension rate is 85 per cent., and for grade III invalidity 60 per cent., of the pension rate for grade I.

When invalidity is due to an accident at work, occupational disease or tuberculosis the pension rate is increased. In addition, persons who are in receipt of an invalidity pension or an old-age pension and who are affected by grade I invalidity are entitled to additional benefit for the assistance of another person at a standard rate of 300 lei per month.

#### SURVIVORS' PENSIONS

Subject to conditions laid down in the Act the following classes of persons are entitled to a survivor's pension: the children, spouse, parents and brothers and sisters of the deceased. The pension is fixed in accordance with the following percentages of the pension to which the deceased was or would have been entitled: 100 per cent. if there are not less than three survivors, 75 per cent. if there are two survivors, and 50 per cent. if there is only one survivor. A spouse who does not satisfy the prescribed conditions is entitled to a survivor's pension until taking up employment, subject to a limit of six months following the decease of the breadwinner.

#### SOCIAL ALLOWANCE

Persons having no means of subsistence and failing to satisfy the employment conditions laid down for

entitlement to an old-age or invalidity pension are entitled to a periodic social allowance payable by the state social insurance fund if they have reached the age of 62 (57 for women) and have been employed for not less than five years or if they are disabled and have been employed for not less than a quarter of the qualifying period laid down for invalidity pension eligibility.

The surviving spouse and the children of a deceased breadwinner who did not meet the conditions laid down for invalidity or old-age pension eligibility are entitled to a survivor's social allowance if they lack means of subsistence and themselves satisfy the conditions for receipt of a survivor's pension.

The rates for social allowances are fixed by decision of the Council of Ministers, which also determines other categories of persons to whom social allowances may be paid, as appropriate.

#### SUPPLEMENTARY PENSIONS

The compulsory scheme of supplementary pensions for employed persons came into force on 1 January 1967. The resources required for payment of pensions under this scheme will be provided by employed persons' contributions fixed at 2 per cent. of their wages (other pensions are financed by contributions from undertakings and by state subsidies).

The supplementary pension will be calculated on the basis of the period during which contributions have been paid. It will represent 5 per cent. of the reference wage in respect of one to two years' contributions, 7 per cent. for two to five years, 10 per cent. for five to eight years, 12 per cent. for eight to ten years, 14 per cent. for ten to 20 years and 16 per cent. for over 20 years.

Even persons not entitled to a normal old-age or invalidity pension or a social allowance because they have not completed the qualifying period of employment are entitled to a supplementary pension if they have paid contributions for not less than 12 months. Persons who have not acquired the right to a supplementary pension are entitled to reimbursement of their contributions. Supplementary survivors' pensions are based on the percentages of the deceased person's pension that are applied in calculating normal survivors' pensions.

A decision of the Council of Ministers dated 25 October 1966 to increase certain pensions granted under earlier legislation also came into force on 1 January 1967.

*(Buletinul Oficial, Part I, No. 85, 28 Dec. 1966, Text No. 27 and No. 87, 30 Dec. 1966, Text No. 2361.*

#### **Fifth World Conference of Trade Unions of Workers in Agriculture, Forestry and Plantations**

The Fifth World Conference of Trade Unions of Workers in Agriculture, Forestry and Plantations was held in Berlin from 8 to 12 November 1966. It considered measures for improving the living conditions of these workers, including land reform. Committees were appointed to discuss collective bargaining and vocational training, and common problems affecting workers in Europe and Africa, amongst other things. 142 delegates and observers from 44 countries attended.

In the general resolution adopted by the conference demands were expressed for trade union freedom for land workers, and the widening of land ownership. It was noted that in some countries agricultural development had not kept pace with industrial

development, and the resolution drew attention to the need for the increased use of modern techniques and chemical fertilisers.

The conference supported a number of demands for land workers, including a guaranteed minimum wage, the abolition of all forms of discrimination, the adoption of an eight-hour working day, paid annual holidays, health and safety measures, and the right to organise trade unions and to elect representatives freely. It also decided that relations between the Trade Unions International of Agricultural, Forestry and Plantation Workers and international agencies such as the International Labour Organisation, the United Nations Food and Agriculture Organisation, the World Health Organisation and the United Nations Educational, Scientific and Cultural Organisation be reinforced.

*(Information Bulletin, published by the Trade Unions International of Agricultural, Forestry and Plantation Workers (W.F.T.U.), No. 4, Dec. 1966.)*

### **Second congress of the Dahomean Confederation of Christian Workers**

The second congress of the Dahomean Confederation of Christian Workers (C.D.T.C.) took place at Cotonou from 10 to 11 December 1966.

In his opening address Mr. Dossou-Ahoue, General Secretary, recalled that in November 1962 the Confederation had been dissolved by government decree; it had subsequently been able to resume its activities thanks to international trade union solidarity, the good offices of the I.L.O., and the understanding attitude of the present government.

The tasks of the trade unions had changed since pre-independence days, and this necessitated a new attitude

on their part and also organisational changes. They were now called upon to co-operate with the Government in seeking practical solutions to the country's difficulties and in promoting economic expansion without, however, sacrificing social progress. One of their most urgent tasks was to train trade union officers; in this they had received support and assistance from a number of national and international trade union organisations.

The General Secretary said that trade union unity was not good in itself—any more than pluralism—and, indeed, formal, organisational unity often served merely to mask basic differences of view. Rather, it was unity of action that was required, and steps were now being taken to achieve this in Dahomey: a new body had been set up to co-ordinate the activities of all the trade unions and to promote genuine and effective collaboration among them.

Mr. Dossou-Ahoue stressed the importance of freedom of association as laid down in the I.L.O.'s Freedom of Association and Protection of the Right to Organise Convention, 1948, and Right to Organise and Collective Bargaining Convention, 1949. Finally, he said that the State's economic plans should be drawn up in consultation with the occupational organisations.

In its general resolution the congress referred to the Confederation's role in the country's development but emphasised that this must not entail any loss of trade union independence vis-à-vis the Government. The Confederation should intensify its efforts to educate the working masses in good citizenship and to develop the occupational awareness of workers in the various branches of activity.



The congress called upon the Government to associate the trade union federations in the preparation and implementation of its economic and social programmes. It charged the executive committee of the C.D.T.C. with seeking ways of achieving trade union unity of action and confirmed

the Confederation's affiliation to the Panafrican Workers' Congress and the International Federation of Christian Trade Unions.

(*Energies Syndicales*, bi-monthly organ of the Institut Syndical de Coopération Technique International (Paris), No. 239, 15 Jan. 1967.)

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## I.L.O. PUBLICATIONS

International Labour Organisation: **Discrimination in employment and occupation: standards and policy statements adopted under the auspices of the I.L.O.** Geneva, 1967. viii+56 pp. \$1; 7s.

This compilation brings together in a single document the provisions of international instruments and other policy statements on the subject of discrimination in employment and occupation which have been adopted under the auspices of the International Labour Organisation. The texts drawn upon for this compilation comprise the I.L.O. Constitution, Conventions and Recommendations adopted by the International Labour Conference, resolutions adopted by the Conference, resolutions and conclusions

adopted by I.L.O. regional conferences and various other I.L.O. bodies.

In addition to sections containing provisions of general scope regarding equality of opportunity and treatment, general anti-discrimination clauses in other texts, and the I.L.O. Declaration concerning the Policy of *Apartheid* of the Republic of South Africa, the compilation comprises sections dealing with the position of indigenous and tribal populations, women, disabled persons, and foreign workers and migrants; a final section deals with non-discrimination in regard to trade union rights. The list of contents is supplemented by an index to the subjects and grounds of discrimination dealt with in the texts included in the compilation.

## BOOK NOTES

ALLEN, V. L. **Militant trade unionism. A re-analysis of industrial action in an inflationary situation.** London, Merlin Press, 1966. 175 pp. Index. 12s. 6d. (paperback), 21s. (cloth).

In 1944 Lord Beveridge argued that the attempt in Britain to maintain or bring about an increase in the share of total product going to the wage earner "must be a co-ordinated attempt; it must not be a blind groping and pressing by numerous groups, each of which sees only its own sectional interest and tries to exploit its particular strategic advantages, and none of which attempts to judge the position of the whole economy. . . . In the new conditions of full

employment, wages ought to be determined by reason, in the light of all the facts and with some regard to general equities. . . ."<sup>1</sup> Twenty years later, in 1964, these sentiments were incorporated in a Joint Statement of Intent on Productivity, Prices and Incomes, signed by the British Trades Union Congress and the various employers' representatives. In particular, the Joint Statement declared the intention of unions and management "to raise productivity and efficiency so that real national output can increase, and to keep increases in wages, salaries and other

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<sup>1</sup> *Full employment in a free society* (London, 1944), p. 200.

forms of income in line with this increase".

It is with these ideas that Mr. Allen's book is basically in disagreement. He would, it seems, prefer it if unions in Britain undertook a "tactical" and "decentralised" bargaining policy. Decentralised bargaining would, he believes, consolidate the extra concessions that unions in a full employment situation are able to claim from employers by virtue of union power in a tight labour market. A second element of Mr. Allen's view is a rejection of the reasoning that supposedly underlies the T.U.C.'s co-operation with the current incomes policy in Britain. This reasoning concerns the propositions that wages have been an independent cause of inflation in postwar Britain, that wage restraint is, therefore, likely to contribute considerably to the dampening down of price increases, and that the (highly undesirable) alternative to wage restraint is to remove excess demand by creating a degree of unemployment above the rate of 2.5 per cent.

Instead, Mr. Allen suggests, "the prime cause of inflation is a structural one over which unions have no influence, and relates to the distribution of the labour force between economically productive and non-productive activities" (p. 161), and, while not considering to what extent increased labour costs might mean retrenchment, Mr. Allen opines that "a high wages policy will in the first instance increase costs but may, after a period of time, cause employers to mechanise and improve efficiency" (p. 162).

J. P. N.

BARRIOS, Roberto. *El hombre es la tierra. La reforma agraria en el mundo*. Mexico City, B. Costa-Amic, 1966. 343 pp.

The intriguing title of the book, *Man is the land*, aptly sets the tone for the reader. It reflects the philosophical approach with which the author undertakes the examination of land tenure institutions and other land/man relationships.

The introduction opens with the following observations:

Until now man has been born, lived and died, attached to the land. He cannot do

without it, it is the reason of his being. Sociologically and economically man lives in a world where the land is a determining factor of his poverty or well-being; land which he uses in agriculture to provide himself with food, to construct his home and to form communities which permit him to progress.

This thesis is further developed in the first chapter in a section on "the land and man", which emphasises the effects of land tenure institutions and of the agrarian question in general on human activity and society. The conflicts between men arising from their relationships to the land become the point of departure for a discussion of agrarian reform and, in the following section, the forms it has taken in the past. It emerges that not only should reform follow different paths according to time and place, but also that the need for reform may recur.

The author then outlines recent agrarian reform programmes in Asia, the United Arab Republic and Europe, giving statistics on the agricultural situation and enumerating the objectives of reform in each case. A chapter is devoted to land problems in the Americas. The thumbnail sketches of each country in these chapters are much too brief; at best they whet the appetite for more information. Unfortunately, there are few footnotes to the text and the bibliographical references included at the end of the book are often incomplete.

The agrarian problems of Mexico and its continuing agrarian reform are examined in some detail. The historical description of experiences in Mexico provides the author with the opportunity of further developing his views on the importance of land in human relationships and its effect on the structure and progress of society. Particular attention is given to the "integral" nature of agrarian reform, and to the inter-relationship between it and other economic and social problems such as population growth, agricultural development, education, social security, investment, and economic development in general.

The author also attempts to characterise the universal aspects of the agra-



rian problem and to outline international action on the problem, with particular reference to Latin America. The goals of the Alliance for Progress are described, the relationship between the agrarian problem and economic integration is explored, and relevant resolutions adopted by various international and regional meetings are listed.

In the final chapter the first section reproduces the conclusions of the I.L.O.'s Technical Advisory Group on Agrarian Reform, which subsequently served as the basis for a resolution adopted by the International Labour Conference at its 49th Session in 1965.<sup>1</sup> The final section is a call for action, directed to heads of State, workers' organisations and international organisations, to enter more fully into the battle for fairer systems of land tenure and a more equitable distribution of the land.

M. S.

BOISSONAT, Jean. *La politique des revenus*.

Collection "Société", dirigée par Robert FOSSAERT, No. 10. Paris, Editions du Seuil, 1966. 128 pp.

Wages and incomes policy is a topical question not only in France but also in other countries. Many articles and books have already been devoted to it. As a source of information for the man in the street this excellent book in the recently founded "Société" collection, which has set out to explain the working of contemporary society and so forecast its future, deals with the question in four parts.

Mr. Boissonat first considers the "reasons". They are derived from the necessity of reconciling the claim for "equality" (the search for a fairer distribution of the results of production) with the exigencies of a high rate of economic expansion and price stability.

The author then deals with the "realities", describing the income distribution "process" and assessing its results: a scale in France where the highest incomes are 50 times greater

than the lowest. The third part is devoted to "experiments" in France and other European countries. In France an incomes policy was first applied in 1961 and has since been developing at two levels: the empirical (experimentation in the nationalised sector: the Toutée procedure) and the theoretical (a type of programming used in the Fifth Plan, which involves defining in detail the movement of the various prices and the various incomes in relation to one another). Other experiments are described and assessed, namely those of the Netherlands, the United Kingdom and Sweden.

The final part describes the "obstacles" to an incomes policy, which comes into collision with "words" and "figures"—but most of all with "men".

J.-P. A.

DEMONDION, Pierre. *La promotion sociale*. Collection "L'administration nouvelle" dirigée par Lucien MEHL, avec la collaboration de Jean DRIOL. Preface by Léo HAMON. Paris, Editions Berger-Levrault, 1966. 244 pp.

In this volume the author, an assistant director of the central office of the French Ministry of Labour, whose book *Les problèmes de l'emploi* in the same collection received considerable notice in 1960, successfully attempts a co-ordinated account of the "social promotion" policy in France.

He begins the first part with a study of the factors making for social success, showing the importance of education, and continues in a second chapter with a short historical outline of ideas related to that of social promotion (equality in education, occupational advancement) and with an analysis of the relevant substantive law, which is centred on an Act of 31 July 1959<sup>1</sup>, and this leads the author to offer the following definition of the social promotion policy:

<sup>1</sup> Resolution on agrarian reform with particular reference to employment and social aspects.

<sup>1</sup> Act No. 59-960, to issue various provisions for the promotion of industrial proficiency. See I.L.O.: *Legislative Series*, 1959.—Fr. 4.

The social promotion policy, by establishing specific training institutions or reorganising existing institutions, embraces all training and further training activities of whatever kind and at whatever level, since they are intended for persons already engaged in occupational activity and lead to advancement in the occupational hierarchy. It also embraces the training of wage earners who exercise trade union responsibility.

This definition, which provides a framework for the book, has the advantage, owing to its technical nature, of clearly distinguishing the social promotion policy, which is regarded essentially as a policy of occupational promotion in conjunction with collective and cultural promotion, from social policy as a whole, while at the same time leaving open the possibility of fitting it into general social policy.

The third chapter describes the individual aims, both social and economic, of social promotion: to facilitate the fulfilment of the individual, encourage greater mobility between social classes, and help to achieve a balance between requirements and resources in skilled labour.

The second part of the book, which is the longest, describes the various institutions for social promotion, grouped in accordance with the authorities responsible for them: the Ministries of Education, Labour, Agriculture, and the Armed Forces, technical administrations, occupational groups, undertakings, and lastly the General Commission for Social Promotion (*Délégation générale à la promotion sociale*), whose responsibilities include the co-ordination of the various activities. In each case the author studies the general principles and organisation of the promotion activity concerned, defines the levels and methods of instruction, assesses the results and analyses the difficulties encountered and the prospects for the future.

In the third part, which is particularly instructive, he refers to the work carried out under the Fifth Plan on requirements and resources in skilled labour, shows what still needs to be done in the field of social promotion, and suggests reforms

that should lead to an improvement in principles, structures, methods, and general system of grants. It is interesting to note the functions in this field that the author would entrust to a modern employment service (information on training and further training facilities, advice and assistance to ensure that the qualifications obtained match the openings in the employment market and that the re-employment clauses, where they exist, have been observed and the new qualifications recognised by occupational promotion, etc.)—functions that he distinguishes from those normally connected with employment policy (re-conversion, retraining, etc.).

The book ends with a reflection on the prospects for social promotion between now and 1985. According to the author, an expanded and diversified policy of social promotion, without setting itself the task of creating a probably hypothetical classless society, must maintain and increase the social mobility that is an essential source of vitality and enrichment, whatever the political system.

S. Z.

EMPLOYERS' FEDERATION OF INDIA. **Collective bargaining. A survey of practices and procedures.** Monograph No. 8. Bombay, 1966. iv+82 pp. Appendices. 3 rupees.

Indian legislation governing the formation of trade unions and collective bargaining contains provisions, at both the central and state levels, for conciliation procedures and compulsory adjudication of industrial disputes by government authorities. It is thought by many that this emphasis on government intervention has hindered the development of healthy collective bargaining in the country. In addition, it has often been felt that the fragmentation of the trade union movement, with a multiplicity of small unions claiming representation at the plant level, has made the bargaining process difficult.

This volume presents a clearly written, factual analysis of current procedures and practices in collective bargaining in India, based on a survey carried out by



the Employers' Federation. It covers 204 replies, of which ten were from associations of employers and the rest from individual companies; 156 replies concerned cases where collective bargaining was practised, while the remaining 48 reported no agreements. The coverage revealed the existence of 408 trade unions and eight staff associations in a total of 208 bargaining units in the manufacturing and commercial sectors. Both large and small plants in a variety of industries, widely dispersed throughout the country, were included in the survey.

While a fair proportion (about 21 per cent.) of plants and industries had an established tradition of collective bargaining extending over a decade or more, the majority had introduced bargaining more recently, and in many cases the first agreement concluded was still in force. Plant-level bargaining was the kind most frequently met with, although in some industries company-wide and industry-wide agreements also occurred. A variety of procedures was revealed with regard to the method of determining the bargaining status of the unions claiming recognition, the institution of conciliation proceedings, and the settlement of disputes concerning the implementation of agreements, there being no general standards or legislative regulations on these points. The replies showed that there was a trend towards agreements of longer duration (one-fourth of current agreements were concluded for a period of four years or more). Although they are still mainly concerned with the fixing of wages and working conditions, the agreements are placing increased emphasis on certain fringe benefits and subjects such as rationalisation, job evaluation and job classification.

Collective bargaining was considered by the majority of respondents to have had a favourable impact, in so far as reducing the number of grievances, improving efficiency, and closer co-operation between labour and management were concerned. It was felt that it had contributed to industrial peace. In the view of the minority, however, the present legislation prevented effective bargaining; difficulties were also mentioned arising from

rivalries between trade unions, the instability of the labour force, and the lack of understanding among the employees of the nature and possibilities of the bargaining process. The authors of this succinct review of present bargaining procedures and trends refrain from drawing conclusions regarding legislative or other changes that might be recommended.

E. E.

**L'entreprise et l'économie du XX<sup>me</sup> siècle.**

Etude internationale à l'initiative de F. BLOCH-LAINÉ et F. PERROUX. Vol. 1: *L'entreprise et son environnement*; Vol. 2: *La formation des décisions et l'entreprise*; Vol. 3: *La croissance de l'entreprise et le profit*. Paris, Presses universitaires de France, 1966. 994 pp. (the three volumes). Vol. 1: 18 FF; Vol. 2: 20 FF; Vol. 3: 18 FF.

François Bloch-Lainé's book *Pour une réforme de l'entreprise*<sup>1</sup> has led Professor Perroux to initiate an international inquiry into the undertaking. The result is 39 articles by specialists from all over the world, published in three volumes. Volume 1 is devoted to the undertaking and its economic and social background, and includes studies on the part played by the undertaking in the French, American and Soviet economic systems, on the great multi-national undertaking, and on the co-ordination of the plans of individual undertakings with the economic aims of the nation.

Volume 2 studies the decision-making process (with articles on econometrics, planning, operational research, and information) and changes in the social part played by the undertaking and the entrepreneur. A final study sets out the broad lines of a new economic theory of the undertaking.

Volume 3 contains a series of articles on the growth and aims of the undertaking and on profit.

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<sup>1</sup> François BLOCH-LAINÉ: *Pour une réforme de l'entreprise* (Paris, Editions du Seuil, 1963). This book was reviewed by J. DE GIVRY in *International Labour Review*, Vol. XC, No. 1, July 1964, pp. 75-80.



The three volumes form a scientific outline of the subject. The method of calling on numerous writers has definite advantages, but it demands a certain effort of the reader if he is to obtain a co-ordinated impression of the ideas expressed.

J.-P. A.

GREEN, Alfred L. *Manpower and the public employment service in Europe. A study of programs and operations.* Washington, D.C., Department of Labor, Division of Employment, 1966. ix + 204 pp. Bibliography.

The purpose of this study was to clarify how the various manpower programmes in six European countries (Federal Republic of Germany, Sweden, Netherlands, Great Britain, France and Yugoslavia) are in each case integrated through the public employment service, to contrast the experiences of these countries and to pinpoint their potential significance for the United States.

The following aspects of the employment services in each country are studied: organisation of the services, their functions (especially those connected with placement, vocational guidance, medical service, unemployment insurance and related programmes, inter-area clearance, recruitment of foreign workers and organisation of labour market information), staffing and staff development, budgeting, etc. Organisation charts are given for each country except Yugoslavia.

The author stresses that in each of the six countries examined the public employment service is an integral component of the manpower policy complex. But its structure and composition varies to a considerable extent from one country to another. There is no single successful method of combining or of separating the employment service and unemployment insurance. There is a considerable variety of attitudes towards a full employment policy and in the character of the participation of governments, workers' and employers' organisations. But in all countries under review the public employment service is considered to have been established primarily for the purpose of dealing with unemployment rather than for that of assisting employers to find

workers. In none of the countries, except Great Britain, do private employment agencies organised for profit operate so extensively as in the United States. Where they do exist, they operate under special licensing or on a temporary basis and perform highly specialised services for a selected clientele.

In spite of differences in constitution and in the type of field organisation, all six employment services exhibit the same discipline in the execution of their programmes: whatever comes down from headquarters is put into effect at the lowest echelon. The interdependence of local labour markets and the existence of a composite national labour market make unified directions essential.

In all countries the local office is organised according to specific programmes such as placement, accelerated adult vocational training, welfare for employed workers, etc. Within the placement section, sub-organisation may be by occupation, by industry, or by type of applicant. In only one country, the Federal Republic of Germany, is there a central placement office which directly serves applicants and employers throughout the country in certain professional and executive occupations.

Vocational guidance is the responsibility of either the employment service or the schools. The best results are achieved when responsibilities are divided in such a manner that there is no overlap. In the Federal Republic of Germany the Federal Office for Placement and Unemployment Insurance has by law the exclusive right and obligation to provide vocational guidance in the schools as well as elsewhere. In Yugoslavia vocational guidance is given in the schools and the public employment service sees the young people only after they have left school. In all the countries vocational guidance handbooks, pamphlets, directories, etc., are published. This literature is directed towards young people from primary grades up to university.

In all six countries, in the author's opinion, there is more knowledge of vacancies and available job-seekers than in the United States; also, more is done about imbalances in the labour market through

inter-area clearance, except in France, where the present inter-area clearance system is deemed inadequate and where remedial actions are being studied. In Sweden and the Federal Republic of Germany there are comprehensive daily and weekly bulletins listing vacancies and, in the Federal Republic, job-seekers. In France such bulletins are also used but appear less frequently. In Yugoslavia there are internal labour demand lists, which can be acted upon on the basis of already available information because all openings and all job-seekers must be registered with the public employment service. In the Netherlands inter-area clearance involves less publicising because the local offices know, from regularly published statistics, where openings or work applicants may be found. The Federal Republic of Germany and the Netherlands publish monthly statistics of unfilled openings and of job-seekers classified by occupation and locality.

The author pays special attention to the fact that in all six countries the budgeting process is easier than it is in the United States.

In the countries under review considerable attention is devoted to collecting statistics relating to employment service operations. The Federal Republic of Germany, Great Britain and France collect data on employment on the basis of samples. Data on employment are derived from local employment office statistics (unemployed job-seekers); in Sweden there is also a quarterly household sample survey. France, Great Britain and the Netherlands use manpower research units for the purpose of making long-range projections of occupational employment.

The description of the composition, functions and activities of the employment service in each country follows a uniform pattern within the limits of differences in the type and amount of material available. The book as a whole presents an interesting collection of information and observations, which will be useful to those concerned with public manpower services and their role in the implementation of employment policy.

V. M.

GUBBELS, Robert. *La citoyenneté économique de la femme. Réflexions sur le travail féminin à temps partiel. Etudes d'économie sociale.* Brussels, Université libre, Institut de sociologie, 1966. 103 pp. 180 Belgian francs.

Starting with the idea that it would be of doubtful value to study part-time work without placing it in a wider context and that the place of woman in society must therefore be considered before the implications of part-time work can be studied, the author devotes the first part of his book to the present situation of woman, first of all in relation to the man to whom she is bound by links whose nature has changed and whose purpose is no longer so much the founding of a family as being happy together. He then considers this situation in the world of labour, where it causes a conflict between a woman's vocation as a mother and her activities as a worker, although recent inquiries show that occupational activity adds both to a woman's worth in social and family life and to her own personality.

The book shows, on the basis of Belgian statistics, that one of the worst disadvantages suffered by women is the real inequality between boys and girls in education and training, which leads to other inequalities, for example in wages and the amount of absenteeism. The inadequate training of women for occupational activities reduces the value of their work and makes them a second-class labour force, a reservoir of unskilled labour.

After a brief analysis of part-time work in various countries and of the arguments for and against it the author concludes that it is highly improbable that part-time work will ever develop very much and that for a number of reasons it will always be restricted, the most important being that this kind of work is possible only for a fairly small number of jobs and that there is a general trend towards the reduction of hours of work. It remains true, however, that a policy for increasing opportunities for part-time work might be of benefit both to undertakings and to women.

M. J.



HARRIS, Amelia I. (assisted by Rosemary CLAUSEN). **Labour mobility in Great Britain, 1953-63.** An enquiry undertaken for the Ministry of Labour and National Service in 1963. Government social survey. London, H.M. Stationery Office, 1966. 138 pp. 20s.

This is a report of a sample survey carried out in 1963 for the British Ministry of Labour, covering the physical movement and work history over the period 1953 to 1963 of persons aged 15 years or over at the time of the survey. The sample design was a two-stage stratified random one covering the 11 standard census regions of England, Wales and Scotland. Successful interviews were obtained with just under 20,000 persons and the answers were recorded on complex interviewing schedules, which are reproduced in an appendix.

The report contains 131 tabulations of the data emerging from the survey, dealing with such subjects as (a) inter-regional movements of population; (b) number of moves in the ten years, distance involved and reasons for the last move; (c) moves for job reasons; (d) attitudes of workers towards moving for work reasons; (e) willingness to move for work reasons to special areas; (f) willingness to move with present employer; (g) informants' assessment of chances of re-employment locally if present employment ceased and of factors which would induce them to move; (h) mobility between employers; and (i) mobility between industries. In certain cases there are breakdowns by labour force status, occupational status, and educational level.

In addition to providing information about labour mobility, the survey results yielded as a by-product a considerable volume of interesting data on the composition of the labour force in Great Britain; on the qualifications, occupational status and employment of immigrants; on periods of unemployment experienced; on time taken travelling to work, means and cost of travel; and on the special position of elderly workers. Tabulated data on these points are included in appendices.

No attempt is made to draw any policy conclusions from the results of the survey. The data are presented with the minimum of comment, it being left to other authorities to make what use they can of them.

The findings of this survey will be of interest, for purposes of comparison, to other countries undertaking inquiries into labour mobility.

A. W.

ISAAC, J. E., and FORD, G. W. (editors). **Australian labour economics.** Readings. Melbourne, Sun Books, 1967. x + 452 pp. Bibliography. Australian \$3.50.

The current preoccupation in a number of developing and developed countries with incomes policies makes a study of Australia's centralised wage arbitration system of special interest. In meeting the demands of society for an acceptable distribution of income, for industrial peace, and for the co-ordination, to some extent, of wages policy with general economic policy, the Australian system appears to have been relatively very successful. To those people outside the country wishing to study the machinery and criteria of wage determination in Australia this book should prove a great help; to students and teachers of labour economics within Australia it will be a boon. Until its publication those in search of articles on Australian labour economics have had to delve rather laboriously in scattered journals, some of which are not easily available in libraries outside or even within Australia. Now we have, in one place, many of the most important and interesting of these works and a welcome new bibliography of other material. Twenty articles are reprinted, here 15 of them concerned with wages policy and five with the work force. The editors have also contributed useful introductions to the two subject divisions.

A few minor criticisms may be made. The editors have been careful to include whole articles as far as possible, and they warn that the views expressed by the various authors must be related to the time and context of writing—"the authors should not necessarily be re-



garded as holding the same views today". But in reading through the lengthier contributions (for example that of R. J. Hawke) one wonders whether a more concise and recent treatment of the subject-matter would not have been possible, perhaps by inviting the authors to update and compress their original articles.

Secondly, it would no doubt have been interesting (for the overseas reader in particular) if part or all of an important judgment or two of the Arbitration Commission could have been included. The articles certainly contain reference to judgments, but a fuller view of the judges' reasoning could have been useful.

Finally, it might also have been worthwhile to include the, in many ways excellent, chapter dealing with wages policy that appeared in the report of the Committee of Economic Enquiry (the Vernon Committee) in 1965. To place this summarising chapter in context Professor Isaac's critique of it in the March 1966 issue of *Economic Record* (published in Melbourne) might also have been added.

But the book should not be judged outside the context of the intention of the editors, which was primarily to provide readings in labour economics for university undergraduate courses in Australia and secondarily for those who practise in the field of labour as advocates, trade union officials, industrial officers and public servants. Within their defined objectives the editors have succeeded admirably and have filled an important gap. The small criticisms or suggestions raised in this review really hint at the need for an up-to-date new work combining description, assessment and analysis of wages machinery and policy in Australia. While the Australian "model" of wage determination can obviously not be applied as a whole elsewhere (and has evolved rather than been created in Australia), there may be useful lessons to be learned from it in those countries which are now formulating new systems. The present volume is most useful in giving insights, but an easier avenue of learning should be

provided to the overseas reader than the debates and differing policy prescriptions recorded in it.

J. P. N.

MASLOVA, N. S. *Kollektivnye formy materialnogo stimulirovaniya v promyshlennosti SSSR*. Moscow, Izdatelstvo Nauka, 1966. 236 pp. 0.74 rouble.

This is a theoretical study of different collective forms of the incentive system existing in the U.S.S.R. In the first chapter the author studies the law of division of income among individuals in accordance with labour input and analyses the views of various Soviet economists on this problem.

In the second she discusses collective piece-rates, whereby each worker's remuneration depends on the results of the work of the whole collective (a shop, a brigade, etc.).

The remaining four chapters concern problems of the incentive system in the U.S.S.R., including incentives for managers and salaried employees. The role of profit sharing is also examined, and the author explains the working of enterprise funds based on fulfilment and overfulfilment of planned profit targets. She examines the effect of profit sharing on the individual incomes of workers and managers and suggests that the technical level of the enterprise and the number of workers engaged should be taken into consideration when shares are being calculated. The introduction of new machines and technology demands supplementary efforts, greater knowledge, higher levels of skill among the workers, and higher levels of education among managers and salaried employees. In the author's view these should be stimulated more by material incentives. In this connection she analyses the relationship between the rate of growth of wages and increased labour productivity. Analysis and conclusions are accompanied by statistics and practical examples.

V. L.

SHULTZ, George P., and WEBER, Arnold R. *Strategies for the displaced worker confronting economic change*. Foreword by Clark KERR. New York and

London, Harper & Row, 1966. xvi +221 pp. Index. 40s.

This book is an interim report on an experimental attempt to deal with large-scale labour displacement within a collective bargaining framework. Over a 15-year period Armour Company, a major American meat-packing corporation, closed 20 plants employing a total of 13,000 employees and constructed new, more specialised ones in different locations, employing far fewer workers and requiring different skills. When the scope of the close-downs became evident, the company and its two major unions jointly set up a tripartite Automation Fund Committee composed of representatives of the unions, management and the "public", the latter drawn from the academic community. The broad mandate given the committee enabled it to provide retraining both for new jobs within the company and for employment elsewhere, to promote inter-plant transfers by means of relocation allowances and arrangements for income maintenance ("technological adjustment pay"), and to study other employment opportunities available to the displaced.

The relative success of the committee's efforts is interesting in view of the characteristics of the displaced labour force—low levels of education, high age, ethnic or racial disadvantages, residence in areas with high unemployment rates, and few skills (only 10 per cent. had skills that could be used in other industries without supplementary training). Moreover, reductions in employment were abrupt, ruling out traditional methods of gradual retirement or attrition. Of equal interest are the committee's failures, which the author discusses with some frankness, illustrating some of the inherent pitfalls and problems of such a programme.

The focus of this study is on the committee's experiences in dealing with the displaced workers rather than its internal workings. Discussed at length are the principal methods used to deal with displacement—the operation of the inter-plant transfer plan, the effectiveness of the "financial cushions", the pro-

grammes for occupational retraining, the placement campaigns in the employment market. With varying degrees of success efforts were made to develop close co-operation with other organisations—both government agencies and community groups—in order to span the gap between the company and the labour market. At the outset attempts to use government resources proved unsuccessful: public aid programmes for displaced workers were just beginning, and officials had little inside knowledge or experience. However, as the Manpower Development and Training Programme evolved the government services improved their techniques in handling mass lay-offs and the committee's functions changed; it made increasing use of government placement and retraining facilities and began to serve more as an intermediary between employees and government agencies.

The committee's experiences raise some important questions concerning programmes dealing with displaced workers and future policies in this area. In this unusual experiment unions and management, acting as private parties, have expanded their activities to include even the displaced worker who, no longer employed by the company, is job-hunting in the employment market at large. Two major strengths of the committee (arising partly out of its collective bargaining nature) appear to be the intimate background knowledge it brings to the situation, which enables it to deal with individual cases more effectively than could an external body, and the flexibility of its terms of reference, permitting innovations in the light of the circumstances of each case and modifications (as in the use of government facilities) at different stages and in different localities. Indeed, the conclusion of the committee is that a large programme can be effective only when it is flexible enough to adapt massive effort to the individual situation; its own efforts to do this are evident from the variety of training arrangements. What, then, should be the role of the company, and of the Government? In raising these questions this study attempts to evaluate



the experiences of the committee in dealing with large-scale labour displacement in a variety of localities and situations.

K. S.

TAYLOR, Wallace W., and TAYLOR, Isabelle Wagner. **Services for handicapped youth in England and Wales.** New York, International Society for Rehabilitation of the Disabled, 1967. vi+340 pp. Bibliography, index.

This book, intended to be used for comparative study, presents a comprehensive review of the various types of services available to handicapped youth in England and Wales. It was carried out by two American experts under the sponsorship of the World Committee on Special Education, International Society for Rehabilitation of the Disabled, with the aid of grants from the Vocational Rehabilitation Administration, United States Department of Health, Education, and Welfare, and the World Rehabilitation Fund.

After describing the purpose and scope of the study, the introduction explains the definitions of disability used in the country and gives brief information on the incidence and prevalence of disabilities.

Separate chapters are devoted to educational services, including methods of identifying the handicapped; vocational assessment, guidance and placement, whether through the Youth Employment Service, rehabilitation agencies, voluntary societies, or social welfare agencies; vocational training provided by both statutory and voluntary groups; employment services; medical services provided through the School Health Service, the National Health Service, rehabilitation programmes, or in employment situations; welfare services promoting physical and social well-being, with special emphasis on the mentally ill and the mentally subnormal.

Included in each chapter dealing with a specific field are an account of

historical developments, a description of the facilities and services available for handicapped youth in general as well as for those with specific disabilities, together with detailed legislative and administrative explanations. Emphasis is laid on the services available to the population as a whole rather than on certain socio-economic groups or on residents of heavily populated areas, though specific urban programmes are at times used as examples. Statistical analyses are used to explain and illustrate the kinds of situation involved and the problems and difficulties encountered in the course of developing the services. Comprehensive cross-references are provided together with a detailed bibliography and an index.

The study concludes by listing the features of the English system which differentiate it from that of the United States: more likelihood of a close inter-relationship between governmental and voluntary agencies, with subsidies for the latter; a more broadly inclusive programme of health services, with an emphasis on public rather than private practice; greater reliance on studies made by public-spirited citizens and civil servants from all levels of government; somewhat different services from government agencies, such as those provided by the youth employment officer, the disablement resettlement officer, and the appointed factory doctor.

This report is a basic document which will be of real value to those who wish to study the English system of services for handicapped persons. Although the book is primarily designed for American students in the field of special education, it will also be very useful, as reference material, to rehabilitation workers, the medical profession, social workers, instructors, employment officers, etc., in all countries that are concerned with the development of services for handicapped persons in general and youth in particular.

I. N.



## BOOKS RECEIVED

## General

ROSSET, Edward. **Ludzie starzy. Studium demograficzne.** Warsaw, Państwowe Wydawnictwo Ekonomiczne, 1967. 467 pp. Bibliography, index. Summaries in Russian and English. 50 zlotys.

This book is concerned with the aging of the world population, and its social, economic and demographic implications. The phenomenon is illustrated by the fact that in 1950 there were 163 million people aged 60 years or more, who made up 6.6 per cent. of the total population, while it is estimated that in 1975 their number will have reached over 297 million, representing 7.7 per cent. of the population. National age structures vary: 50 countries (all in the course of development) can be classified as young, 26 as middle-aged and 26 as old. The economic problems resulting from old age are analysed under headings such as the burden on society; old-age pensions; the occupational usefulness of older workers; and old age and consumption. Family relations are described, and particular attention is given to the affliction of loneliness. The demographic effects of an ever-increasing proportion of old people relate mainly to fertility, the death rate and migration. A final chapter looks to the future: forecasts agree in assuming that the aging process will continue, and the author holds the view that the average individual human life will tend to get longer.

## Economic and social development

FISHMAN, Leo (ed.). **Poverty amid affluence.** New Haven and London, Yale University Press, 1966. xii + 246 pp. Index.

This collection of articles on the now familiar topic of continuing poverty in the midst of the affluent society of the United States brings together some background historical material and certain considerations on the "war on poverty" being waged in that country.

KAIM-CAUDLE, P. R. **Social policy in the Irish Republic.** Library of social policy and administration. London, Routledge & Kegan Paul; New York, Humanities Press, 1967. 120 pp. Bibliography. 7s. 6d.

This book examines the health services, social insurance, social assistance, family allowances and housing. Discussion of the social services is introduced by an outline of the environment in which social policy operates—the political system, social implications of the demographic characteristics and the country's economy.

**Regional studies.** Journal of the Regional Studies Association. Vol. 1, No. 1, May 1967. Editor: Dr. Peter HALL. Oxford, Pergamon Press, 1967. viii + 91 pp. Twice-yearly. Annual subscription: £3 10s.; \$10.

The first issue of a new journal devoted to the application of systematic method to the solution of problems of regional planning. Subjects to be covered include: machinery of regional economic planning; theory of regional economic planning; regional economic development; economic growth in developing countries; metropolitan regional planning; and models of regional and urban development. Contributions (in English) will be accompanied by summaries in English, French, German and Russian.

## Labour relations

BEDNENKO, V. M. **Obshchestvennye nachala v upravlenii proizvodstvom.** Moscow, Izdatelstvo "Mysl", 1966. 183 pp. 0.59 rouble.

This book, which is designed primarily for students of political science, discusses the management of undertakings in a socialist economy in a broad philosophical, political and legal setting. Separate chapters are devoted to the basic principles of management (especially the principle of "democratic centralism") and to the main social and

economic conditions of workers' participation in management within the undertaking. In the third and final chapter the author analyses current forms of workers' participation and co-operation, giving numerous concrete examples.

TURNER, H. A., CLACK, G., and ROBERTS, G. **Labour relations in the motor industry. A study of industrial unrest and an international comparison.** London, George Allen & Unwin, 1967. 365 pp. Index, summaries, conclusions. 55s.

The authors' purpose is to examine the development of labour relations in the motor industry in Britain, particularly through its history of industrial disputes, as an example of the increasing incidence of strikes in general since the mid-1950s. Their account is based not only on a detailed analysis of statistical data, much of which the authors were obliged to compile themselves, but also on direct observation within the car firms and on extensive interviews with the people who are responsible for the conduct of the motor industry's labour affairs. In their detailed analysis of labour disputes the authors discuss, among other things, the issues in dispute, the effect of productivity growth and technical change, the wage structure of the industry, and the institutional organisations of both employers and workers. Finally, as a basis for comparison, they devote a chapter to industrial relations in a number of foreign car firms.

#### **Manpower; training**

ARTHUR, Julietta K. **Employment for the handicapped. A guide for the disabled, their families, and their counselors.** Introduction by Donald V. WILSON. Nashville (Tennessee), New York, Abingdon Press, 1967. 272 pp. Index. \$5.95.

A discussion of the various aspects of employment for the disabled, with particular reference to conditions in the United States. The subjects covered include the definitions, incidence and prevalence of disabilities, the rehabili-

tation process, occupational information and referral services, adaptations of equipment and appliances, methods and techniques for selecting a job, measurement and evaluation of work capacity, the pros and cons of higher education, job training and preparation for employment, attitudes of management and trade unions towards disabled workers, employment opportunities in government services, requirements for self-employment, and opportunities for the severely disabled. Examples are given to illustrate how disabled individuals, faced with a variety of problems, can overcome them and lead useful and productive working lives. The appendices list annotated bibliographies and other publications and give the addresses of local offices of various state and federal agencies concerned directly or indirectly with the rehabilitation and employment of the handicapped.

BULLOCK, Paul. **Equal opportunity in employment.** Edited by Irving BERNSTEIN. Los Angeles, University of California, Institute of Industrial Relations, 1966. vii+114 pp. \$0.75.

One of a series of popular pamphlets produced by the Institute of Industrial Relations, University of Los Angeles, this book deals with the employment problems of minority groups in the United States. After giving the historical and sociological background to the phenomenon of discrimination, particularly with respect to the Negro population, the author reviews the growth, nature and effects of fair employment legislation and practice at both federal and state level, including recent developments. The processing and settlement of a hypothetical discrimination complaint illustrate the various remedies now available, and a subsequent chapter deals with private action against discrimination, by employers' and workers' organisations and independent bodies. A chapter entitled "Merit employment: techniques, problems and results" concerns positive action for the establishment of full equality in employment and analyses the various aspects of the role of management in this respect.

COMMONWEALTH EDUCATION LIAISON COMMITTEE. **Education and training of technicians.** Report of an expert conference held at the College of Education (Technical), Huddersfield, England, October 1966. London, H.M. Stationery Office, 1967. xiv+326 pp. 22s. 6d.

The eight principal papers submitted to the conference are reproduced here in full, together with the reports of the working parties that discussed six of them. An appendix lists other papers contributed by governments and organisations. The volume also contains the reports of a further six working parties set up to discuss the education and training of technicians in specific sectors, and technical education and training of special interest to women and girls. Three main themes recurred throughout the conference: the need for technicians to have adaptability and breadth of outlook; the importance of associating industry and commerce with all stages of the planning and implementation of education and training; and the need to contribute to the upgrading of technician status through an adequate career structure, etc. General agreement emerged on a number of points concerning the following subjects: the manpower background; courses for technicians; the planning and equipping of institutions; the supply and preparation of teachers; the selection and assessment of technicians; the administration, control, finance and inspection of technician education; and Commonwealth co-operation in the field of technician education and training.

HEID, Helmut. **Die Berufsaufbauschule. Bildungsideologie und Wirklichkeit.** Kölner Wirtschaftspädagogische Studien, Band 3. Freiburg im Breisgau, Lambertus-Verlag, 1966. 291 pp. Bibliography.

Describes and evaluates one of the essential factors in the "second channel" to higher education: the "Berufsaufbauschule", which provides supplementary instruction for persons who have not been able to go through the normal channel of secondary education. The

study is based on a detailed analysis of existing literature and on a systematic inquiry carried out between 1961 and 1964 in North Rhine-Westphalia and Hesse. The aims of such supplementary instruction were: to establish a new conception of training and education; to provide equality of opportunity as regards access to education corresponding to the abilities and interests of the individual; and to enable the educational system to meet the cultural and social requirements of present-day society. For various reasons, including the strong hold of the traditional classical approach to education and the shortage of facilities and teachers, these aims have not been completely realised. It has been suggested that a solution to some of the problems would be to integrate supplementary instruction with regular vocational schools. Amongst the advantages of such a solution would be the genuine democratisation of education.

LEVITAN, Sar A., and SIEGEL, Irving H. (editors). **Dimensions of manpower policy: programs and research.** A volume commemorating the twentieth anniversary of the W. E. Upjohn Institute for Employment Research. Baltimore, Maryland, Johns Hopkins Press, 1966, xii+299 pp. Index. \$6.95.

Seventeen papers covering various aspects of manpower policy in the United States. Separate sections deal with "Manpower and poverty" (with particular reference to federal programmes such as the Manpower Development and Training Act and the Economic Opportunity Act), "Job assistance and unemployment aids" (the public employment service, and unemployment insurance), "Community improvement" (including vocational and technical education schemes at the local level), and "Information needs and tools" (problems and techniques of manpower research).

#### **Conditions of work and life**

MURPHY, Brian. **The computer in society.** Foreword by the Rt. Hon. Ernest MARPLES. London, Anthony Blond, 1966. 128 pp. 21s.



This book traces in simple and popular language the history of computing devices and explains how they work. It describes—against the background of the British economy and British society—the kinds of work for which computers are being used and could, in the author's view, be used in the future, including teaching and educational planning. He adds a few examples taken from American experience and writing. He stresses the gains to be derived from the more widespread use of these devices, while referring also to some technical, organisational and staffing problems that have accompanied the introduction of electronic data processing. Misgivings about the concomitant organisational changes and resistance to these changes are mentioned. The author pleads for the need to overcome such resistance so that modern methods of production, administration and management can be substituted for "hallowed procedures".

#### **Rural development**

OBEYESEKERE, Gananath. **Land tenure in village Ceylon.** A sociological and historical study. Cambridge, University Press, 1967. xi+320 pp.

This book is a product of six months' field work in 1961 undertaken by the author, aided by some sociology students, in the village of Madagama, Southern Province, Ceylon. After familiarising his readers with the area under study, the author delineates the ideal model of land tenure, which is based on his informants' cognitive plan stripped of its complicating factors. As the ideal model of land tenure derives its existence from patrilineal inheritance coupled with a patrilocal aggregation of kinsmen, the remainder of the book is a detailed sociological description of the area, from a historical point of view, covering inheritance laws, the share system, genealogy, the share market,

kinship, residence, land tenure, etc. The author assesses the extent to which the system of land tenure in Madagama in 1961 lived up to the ideal model, and indicates the reasons for the successes and failures.

TREMBLAY, Marc-Adélaide, and ANDERSON, Walton J. **Rural Canada in transition. A multidimensional study of the impact of technology and urbanization on traditional society.** Ottawa, Agricultural Economics Research Council of Canada, 1966. vii+415 pp. \$3.

This book is composed of five monographs analysing the most important cultural, social and economic changes that have occurred in Canadian agricultural and rural society as a result of technology and urbanisation. It is the first study of this nature ever undertaken in Canada, and Professor Tremblay states in the preface that the book is supposed to "raise questions rather than give answers" and to "sow unrest rather than bring peace of mind".

#### **Co-operation**

VITELES, Harry. **A history of the co-operative movement in Israel.** A source book in seven volumes. London, Vallentine Mitchell, 1966. xiv+252 pp. Index, bibliography. 42s.

This is the first of a series of seven books about the co-operative movement in Israel. The other volumes will cover the kibbutz movement, the moshav movement, the workers' producers', transportation and service societies, central agricultural co-operatives, and consumers' co-operatives. The series is intended for ordinary readers who do not have easy access to the source material, most of which is in Hebrew, and also for those who wish to inquire further into the varied facets of the co-operative movement in Israel.

# INTERNATIONAL LABOUR REVIEW

VOL. 96, No. 4 • OCTOBER 1967

The 51st Session of the International Labour Conference, June 1967

High-level manpower planning in Hungary and its relation to  
educational development János TIMÁR

Minimum wages in the Congo (Kinshasa) J. P. ARLÈS

Current information

Bibliography

# The I.L.O.

The International Labour Organisation was founded by governments for the purpose of international collaboration in securing the permanent peace of the world and eliminating social injustice through the improvement of conditions of labour. A special feature of its structure is that representatives of management and of labour organisations participate with government representatives in its proceedings. Established in 1919 it became in 1946 the first specialised agency associated with the United Nations. It has more than 100 member countries.

Over the years the I.L.O. has built up a large body of international agreements ("Conventions") and recommendations relating to basic rights of labour, employment and training, conditions of work, social security and protection at work. These are the result of detailed discussion at the annual International Labour Conference, comprising four delegates (two representing the government, one representing management and one representing labour) from each member country, speaking and voting individually. The Conventions and Recommendations are not automatically binding, but governments must submit them to their national legislatures; a Convention becomes binding upon ratification. Reports from the different governments on their implementation are examined annually by the Conference and there is also machinery for examination of complaints, including alleged violations of freedom of association.

Another major sector of the I.L.O.'s work consists in the provision of expert advice and technical assistance in matters connected with labour and social policy. Assistance is provided under the United Nations programmes of technical co-operation as well as under the I.L.O.'s regular budget. Much of this operational work lies in the fields of manpower training and utilisation, improvement of work methods and organisation, labour administration and the development of effective systems of industrial relations and social security.

These activities are organised by the International Labour Office, an international staff in Geneva with a field network in most parts of the world. The Office is also the permanent secretariat of the Organisation, and a clearing-house for international information and research. It is headed by a Director-General appointed by a Governing Body of 24 government representatives, 12 representatives of management and 12 representatives of labour, which meets three times a year.

In addition to the activities mentioned, matters of concern to particular regions and industries are discussed periodically by special conferences and committees, and many specialised technical meetings are organised. An International Institute for Labour Studies, set up by the Organisation at Geneva, provides persons occupying positions of responsibility in the different countries with opportunities for advanced study of labour policy questions.

All these activities are closely co-ordinated with a view to fulfilment of the purpose for which the International Labour Organisation was created—the promotion of social justice and peace.



# INTERNATIONAL LABOUR REVIEW

*Published monthly by the International Labour Office*

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Volume 96

October 1967

Number 4

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## CONTENTS

Page

**341 The 51st Session of the International Labour Conference, June 1967**

An account of the 1967 Session of the International Labour Conference, which adopted new international standards on the maximum permissible weight to be carried by one worker, on grievances and communications within the undertaking and on old-age, invalidity and survivors' benefits; held a first discussion on improvement of conditions of work and life of tenants, share-croppers and similar categories of agricultural workers; and adopted conclusions concerning the I.L.O. and technical co-operation, and the I.L.O.'s contribution to the industrialisation of developing countries.

**364 High-level manpower planning in Hungary and its relation to educational development**

*János TIMÁR*

After defining the aim of high-level manpower planning in a centrally planned economy, the author gives an account of the premises and main features of the methodology adopted for the purpose in Hungary, drawing particular attention to the use of micro-economic and macro-economic methods and to the special aspects of planning by major occupational groups. Details of the occupational and industrial classifications elaborated for high-level manpower planning, of an organisational model used to investigate the future staffing requirements of the construction industry, and of the stages involved in planning the requirements for scientific and technical specialists and for high-level manpower in agriculture are given in appendices.

**388 Minimum wages in the Congo (Kinshasa)**

*J. P. ARLÈS*

Statutory minimum wages play an important part in wage policy in the Congo (Kinshasa). Analysing the new system of 1966 and the long series of developments that led to its introduction, the author draws attention to the paternalistic approach of the colonial legislation of 1922, the difficulties of its application, its complexity and its undesirable effects on wage structure. The legislation adopted after Independence, and in force from 1961 to 1966, aimed primarily at eliminating racial discrimination; though it marked an advance, it was difficult to apply. In 1966 a national system covering all workers and all economic activities was launched; this system has narrowed the gap between the minimum wage index and the index of prices, created machinery for discretionary adjustment of wages to the cost of living, improved the position of heads of families and widened skill differentials.

**417 Edward Joseph Phelan, 1888-1967**

## CURRENT INFORMATION

- 418 Submission of international labour Conventions to the competent authorities in Rumania
- 420 Organisation of rural workers in Chile
- 421 Recent trends in the reduction of hours of work in Japan
- 423 Trade union meeting on problems of working and living conditions in the health services
- 424 Congress of the Christian Confederation of Malagasy Trade Unions (C.C.S.M.)

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### 425 Book Notes

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*Responsibility for the opinions expressed in signed articles rests with the authors.*

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# The 51st Session of the International Labour Conference, June 1967

THE 51ST SESSION of the International Labour Conference was attended by delegations from 109 out of the 119 member countries of the I.L.O. The 213 Government delegates, 105 Employers' delegates and 107 Workers' delegates were assisted by over 800 advisers for the technical items on the agenda. Also present were observers from two non-member countries (Mauritius and the Mongolian People's Republic) and representatives of numerous international intergovernmental and non-governmental organisations. The total of nearly 1,400 participants included 66 ministers responsible for labour affairs in their countries.

In addition to the regular annual Report of the Director-General and reports concerning the budget of the Organisation and the application by member countries of international labour Conventions and Recommendations, the Conference had before it reports on four technical items. These related to (*a*) the revision of a number of earlier Conventions concerning old-age, invalidity and survivors' pensions; (*b*) grievance procedures and communications within the undertaking; (*c*) the maximum permissible weight to be carried by one worker; and (*d*) improvement of conditions of life and work of tenants, share-croppers and similar categories of agricultural workers. In addition a general discussion was held on technical co-operation, including the role of the I.L.O. in the industrialisation of developing countries.

The Conference adopted a Convention and a Recommendation on maximum permissible weight, a Recommendation on grievances and another on communications between management and workers, and a Convention and Recommendation on old-age, invalidity and survivors' benefits. It completed a first discussion on the content of a Recommendation concerning tenants and share-croppers, and adopted certain conclusions concerning the I.L.O. and technical co-operation and the I.L.O.'s contribution to the industrialisation of developing countries. It also adopted a number of resolutions on subjects not included in its agenda and voted the 1968 budget of the International Labour Organisation. Finally,



the Conference took note of a third annual report on the application of the Declaration adopted by it in 1964 concerning the policy of *Apartheid* of the Republic of South Africa.

The following sections of this article describe, first, the new international instruments adopted by the Conference; next, the annual review of the implementation of earlier Conventions and Recommendations; third, the Conference's first discussion of the proposed instrument regarding tenants, share-croppers, etc.; fourth, its conclusions in relation to technical co-operation and industrialisation; and fifth, the resolutions adopted by the Conference on questions not included in its agenda. Finally, a brief summary is given of the debate on the Director-General's Report, the central theme of which this year was non-manual workers, and of the Director-General's reply to the debate.<sup>1</sup>

### **Revision of Conventions Nos. 35 to 40 concerning old-age, invalidity and survivors' pensions**

Following the first discussion of this question at the 1966 session of the Conference and further written consultation with governments, the Office had prepared a report containing a proposed Convention and Recommendation based on the conclusions adopted at that session and amended in the light of governments' observations.

The Committee on Social Security set up by the Conference this year decided to eliminate from the text of the proposed Convention a provision enabling member countries to ratify it separately for the agricultural and non-agricultural sectors, preferring to provide some flexibility by permitting certain exceptions. It included in the Convention (rather than in the Recommendation) a provision concerning lower pensionable ages for persons in arduous or unhealthy occupations, and made a number of other amendments. The Conference subsequently adopted the proposed text of the Convention by 240 votes to 5, with 59 abstentions. As regards the proposed Recommendation, the Committee deleted a reference to a separate pensionable age for women, set a higher target for pension payments, in terms of previous earnings, and made various other changes. The Conference subsequently adopted the proposed text of the Recommendation by 192 votes to 45, with 54 abstentions.

The new Convention provides that member countries may accept its obligations separately in respect of invalidity pensions, old-age pensions and survivors' pensions. For each of these three types of coverage, the range of persons protected may be (a) all employees, including apprentices; or (b) at least 75 per cent. of the whole economically active population; or (c) all residents, or residents whose means during the

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<sup>1</sup> The Conventions, Recommendations, resolutions and other texts adopted by the Conference are published in *Official Bulletin* (Geneva, I.L.O.), Vol. L, No. 3, July 1967, Supplement I.

contingency do not exceed limits prescribed in such a manner as to comply with the relevant requirements of the Convention. However, a member country whose economy is insufficiently developed may ratify with temporary exceptions if the range of persons covered is 25 per cent. or more of all employees or 50 per cent. or more of all employees in industrial undertakings.

For the purposes of the Convention invalidity is defined as incapacity to engage in any gainful activity, to an extent prescribed, which incapacity is likely to be permanent or persists after the termination of a prescribed period of temporary or initial incapacity. The age for entitlement to an old-age pension is defined as "not more than 65 years or such higher age as may be fixed by the competent authority with due regard to demographic, economic and social criteria, which shall be demonstrated statistically". If the prescribed age is 65 years or higher, a ratifying country will undertake that the age shall be lowered, under prescribed conditions, in respect of persons who have been engaged in occupations that are deemed by national legislation, for the purpose of old-age benefit, to be arduous or unhealthy. In the event of the death of the breadwinner, a ratifying country must have survivors' benefits at least for the widow and children.

As regards qualifying conditions and the benefits to be provided, the Convention closely follows the Social Security (Minimum Standards) Convention, 1952, and stipulates that the value of the benefits shall be established by reference to standard beneficiaries defined as follows: (a) for an invalidity pension: a man with a wife and two children; (b) for an old-age pension: a man with a wife of pensionable age; (c) for a survivors' pension: a widow with two children. The new Convention, however, requires the rate of pension to be equal to 50 per cent. (invalidity) and 45 per cent. (old-age and survivors), i.e. 10 per cent. and 5 per cent. higher than the percentages in the Social Security (Minimum Standards) Convention, 1952. A new element is the undertaking that will be assumed by ratifying countries to provide rehabilitation services to prepare the disabled person, wherever possible, for resumption of his previous activity or, if this is not possible, the most suitable alternative gainful activity, having regard to his aptitudes and capacity; and to take measures to promote the placement of disabled persons in suitable employment.

The Convention contains a number of provisions under which a ratifying country whose legislation protects employees may accept the Convention subject to certain exclusions, i.e. (a) as necessary, certain categories of employees; (b) temporarily, the employees in the sector comprising agricultural occupations who are not yet protected by its legislation at the time of the ratification. A similar exclusion is permitted for seafarers, including sea fishermen, and public servants, where these categories are protected by special schemes which provide in the aggregate benefits at least equivalent to those required by the Convention.

Finally, another set of provisions permits, under specified conditions, derogations from minor requirements of the Convention by ratifying countries with advanced social security schemes which, while not satisfying every point of detail, provide higher standards of benefits than those laid down in the Convention and comply with its major requirements.

The supplementary Recommendation adopted by the Conference indicates that member countries should aim to extend (if necessary, by stages) their legislation on invalidity, old-age and survivors' benefits to persons whose employment is of a casual nature and finally to all economically active persons. It recommends a broadening of the definition of the contingencies and liberalisation of the qualifying conditions. The Recommendation also sets a higher target for rates of invalidity, old-age and survivors' benefits than those required by the Convention.

### **Examination of grievances and communications within the undertaking**

In the case of this item of the agenda, the report prepared for the second discussion by the Conference contained two proposed Recommendations based on the first discussion at the 1966 session of the Conference and on further written consultation of governments. In the proposed Recommendation concerning grievance procedures the committee set up by the Conference this year reviewed each paragraph in the proposed text, clarified a number of points and included references to time off for attendance at grievance procedures, and explanation of the grievance procedures to the staffs of undertakings. In the proposed Recommendation on communications between management and workers, it inserted a reference to the need for training those concerned in methods of communication. It added a paragraph indicating that, when a matter had been the subject of negotiations, information communicated on the matter must expressly mention these negotiations, and made a number of amendments of detail.

The Recommendation concerning the examination of grievances within the undertaking with a view to their settlement was adopted by the Conference by 290 votes to none, with 7 abstentions. It contains three main parts, dealing respectively with general principles, the procedure to be followed within the undertaking and the adjustment of grievances not settled according to these procedures.

The main general principle established in this Recommendation is that a worker, acting individually or jointly with other workers, should have the right to submit a grievance without suffering any prejudice and to have this grievance examined pursuant to an appropriate procedure. The types of grievances envisaged by the Recommendation do not include collective claims aimed at modification of the terms and conditions of



employment. When a grievance procedure is established by a collective agreement, the parties to the agreement should be encouraged to undertake that they will promote the settlement of grievances according to this procedure, abstaining from any action which might impede its effective functioning. In the setting up and implementation of grievance procedures the workers' organisations or the representatives of the workers should be associated, with equal rights and responsibilities, with the employers or their organisations. In view of the importance of a sound personnel policy and its effects in reducing the number of grievances, the Recommendation adds that personnel policy should take into account and respect the rights and interests of the workers, and that the management should co-operate with the representatives of the workers before taking decisions on personnel and social matters affecting them.

The part dealing with procedures sets out a general rule that an initial attempt should be made to settle a grievance directly between the worker concerned and his immediate supervisor. If such an attempt fails, the case should be examined at one or more higher levels. The procedure should be as informal and rapid as possible, and the worker should have the right to be assisted or represented by his organisation, a workers' representative in the undertaking or any other person. His representative or adviser, if employed in the undertaking, should enjoy the same protection afforded to the worker himself. As a further guarantee, the worker or his representative should be allowed sufficient time off to participate in the procedure without any loss of remuneration, except in the case of abuse. Furthermore, arrangements should be made to ensure that the rules and practices governing the grievance procedure are brought to the knowledge of the workers.

While enunciating the principle that grievances should be settled, as far as possible, within the undertaking, the Recommendation enumerates in its last part various procedural possibilities outside the undertaking, e.g. procedures established under collective agreements, conciliation and arbitration by public authorities, labour courts and other judicial authorities. If the worker wishes to have recourse to these procedures, he should be granted the necessary time off to take part in them. This should not involve any loss of remuneration if his grievance is proved justified. In addition the Recommendation states that efforts should be made for such procedures to be conducted outside working hours.

The Recommendation concerning communications between management and workers within the undertaking was adopted by 321 votes to none, with 3 abstentions. It comprises two parts: one on general considerations and the other on elements for a communications policy. The Recommendation states that employers, workers and their organisations should recognise the importance of a climate of mutual understanding and confidence within the undertaking, to be promoted by the dissemination and exchange of information on the various aspects of the life of the

undertaking and the social conditions of the workers. For this purpose an effective policy of communication should be established by management after consultation with workers' representatives. The methods to be applied should not be such as to interfere with freedom of association, cause prejudice to freely chosen workers' representatives or their organisations, or curtail the functions of bodies representative of the workers. In order to promote the effectiveness of a communications system, the Recommendation provides that those concerned should be trained in the use of the methods established under such a system.

The part dealing with the elements for a communications policy states that two-way communication should exist both between management and the workers and between management and workers' representatives. After enumerating various media of communication it lists the matters on which information should be communicated and indicates that whenever one of these matters has been the subject of negotiation or of a collective agreement, this fact should be expressly mentioned.

### **Maximum permissible weight to be carried by one worker**

The manual transport of loads is one of the oldest and most universal forms of human labour. Although, with the spread of industrialisation, loads are increasingly handled mechanically, this is by no means uniformly the case. In broad sectors of industry and commerce loads are still moved by hand, because of local conditions, the organisation of work or for other reasons. Workers of all ages, women and even children do this sort of work. The maximum load carried varies widely; in some cases it is limited by law; in many others it depends on local custom or on commercial practice regarding packaging; frequently it is the characteristics of production that determine the weight of the load.

All this explains the appeals that have long been made by workers' organisations, particularly transport workers' and dockers' unions and unions of workers in the food and drink trades, for a limitation of the weight of manual loads. The question has also been studied by employers' organisations and governments as well as at the international level.

In view of the importance of this matter in relation to the protection of workers' health and to accident prevention the Governing Body of the I.L.O. referred it first to a meeting of experts in 1964 and then to a preparatory technical conference in early 1966. Under a procedure for which provision is made in the I.L.O. Constitution, the preparatory conference carried out a first discussion of the form and contents of certain instruments that it might be appropriate to adopt; the General Conference was thus able to take a final decision on the question at its recent session <sup>1</sup>,

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<sup>1</sup> Under the usual "double discussion" procedure a question has to be considered at two sessions of the General Conference before an instrument relating thereto can be adopted.

and on the basis of the report submitted to it by the committee set up to consider the question in detail it adopted a Convention and a Recommendation on the subject.

The Conference Committee on Maximum Weight considered the many different factors in load carrying (physical strength, training, climate, nature of the ground, distance, shape of the load, stacking height, etc.) and the difficulty of setting a figure for the maximum permissible weight that would be applicable in every country and all circumstances. Another point of difficulty was whether a provision requiring a lower maximum for women than that permitted for adult male workers would be discriminatory in that it might adversely affect women's employment.<sup>1</sup> It was pointed out, however, that such a protective provision would be covered by paragraph 1 of Article 5 of the Discrimination (Employment and Occupation) Convention, 1958, and consequently not be discrimination within the meaning of that Convention. Such a provision was finally maintained in both the Convention and the Recommendation. A proposal to introduce into the Convention a provision regarding pre-employment medical examination and subsequent medical supervision encountered some opposition on the ground of practical difficulties (owing to the shortage of doctors in many countries). As a result it was decided to include the provision only in the Recommendation.

The Convention concerning the maximum permissible weight to be carried by one worker was adopted by the Conference by 196 votes to 74, with 54 abstentions. It establishes the following principles: (1) no worker shall be required or permitted to engage in the regular manual transport of a load which, by reason of its weight, is likely to jeopardise his health or safety; (2) workers assigned to such work must receive prior training or instruction in working techniques; (3) suitable technical devices to limit or facilitate the manual transport of loads must be used as much as possible; and (4) the assignment of women and young workers to manual transport of loads shall be limited and where they are engaged in such work the maximum weight shall be substantially less than that permitted for adult male workers.

The supporting Recommendation, adopted by 267 votes to 8, with 51 abstentions, is broader in scope than the Convention, applying to all branches of economic activity, whereas the Convention applies only to those in respect of which the ratifying member country maintains a system

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<sup>1</sup> The proposed text of both the Convention and Recommendation restricted the assignment of women and young workers to manual transport of loads and stated that the maximum loads required of them should be of "a substantially lesser weight" than those assigned to adult male workers. There was some discussion of the precise meaning of "substantially lesser". The Committee finally decided not to define these words in the instruments, but to specify in its report that for women the maximum weight should be approximately 50 per cent., and for young workers approximately 40 per cent., of that permitted for an adult male worker.



of labour inspection; the Recommendation further applies not only to "regular" but also to "occasional" manual transport of loads.

It includes provisions designed to amplify the principles established by the Convention and to serve as guidance to governments and employers' and workers' organisations in the application of these principles. Part IV of the Recommendation, for example, provides that a medical examination should, as far as practicable and appropriate, be required for all workers before assignment to regular manual transport of loads and subsequently from time to time as necessary, and that a medical certificate of fitness for employment should be issued. Part VI deals in some detail with the conditions relating to maximum weight for adult males, for women and for young workers, specifying that the minimum age for assignment of the latter to such work should be raised as speedily as possible to 16 years and progressively to 18 years. Part VII concerns other measures to protect health and safety, and Part VIII contains miscellaneous provisions aimed at encouraging scientific research, and concerning the application of the provisions of the Recommendation, in appropriate cases, to the pulling and pushing of loads. Finally, paragraph 14 lays down the principle that the maximum weight to be transported manually by one worker should speedily be reduced to 55 kg.—a figure that was adopted to take account not only of physiological considerations but also of the present tendency to package merchandise in loads of approximately 50 kg., so that the standard left a margin for the weight of the packaging.

### **Application of Conventions and Recommendations**

The Conference Committee on the Application of Conventions and Recommendations carried out its regular review of the measures taken in member countries to fulfil their obligations under the Constitution of the I.L.O. respecting international labour standards, and in particular to give effect, in law and in practice, to the Conventions they have ratified.

The Committee's work was based, as usual, on the reports and other information supplied by governments, as well as on the technical examination of this material contained in the report prepared earlier in the year by the standing Committee of Experts on the Application of Conventions and Recommendations. The first meeting of the Committee of Experts had been held in 1927, and on the occasion of this fortieth anniversary the Conference Committee drew attention to the impressive growth in the volume of reports and information to be examined each year (now nearly 17 times greater than in 1927) and to the changes that had taken place in the methods applied for their examination as well as in the situations covered. Particular attention was paid to the suggestion made by the Committee of Experts regarding direct contacts with governments, which might facilitate the provision of fuller information on certain complex

questions both to the supervisory bodies and to the governments themselves, and so avoid misunderstandings and deadlocks. Certain members raised the question of increasing the interval between reports on ratified Conventions. Several members indicated that, with a view to enabling the supervisory bodies to cope with their growing workload, certain other measures might prove useful, such as reinforcement of the administrative facilities available for this purpose.

The Conference Committee drew attention to the two Covenants adopted by the United Nations General Assembly in December 1966 in the field of human rights, one relating to economic, social and cultural rights and the other to civil and political rights. It expressed its desire that these Covenants would be promptly and widely ratified by countries belonging to the I.L.O. as the Covenants pursued aims that were fundamental to the work of this Organisation. The Committee hoped that in general the future standard-setting activities of the I.L.O. in respect of human rights would be developed in the light, *inter alia*, of the two Covenants in question. In this connection, several members of the Committee pointed out that it might be appropriate to adopt additional standards, particularly as regards the question of trade union rights and discrimination in employment and occupation.

Referring to I.L.O. collaboration with other organisations to give effect to international standards, several members welcomed the arrangements already made with the Council of Europe concerning the application of the European Social Charter. The hope was expressed that arrangements would be worked out for the application of the United Nations Covenants on human rights, taking into account the experience of the I.L.O. and the fact that a large number of the standards contained in these Covenants reflected provisions in I.L.O. Conventions, which were already subject to the I.L.O.'s supervision machinery.

As regards technical co-operation activities in relation to international labour standards, the Committee noted that a further seminar for national officials had been held in Lima in October 1966 for the Latin American countries, and that another seminar of this kind would be organised for Asian countries in 1967. Such seminars were considered to be valuable, and the hope was expressed that they might become a permanent programme dealing regularly and in turn with the different regions of the world.

In its examination of the measures taken in member countries to discharge their obligations under the I.L.O. Constitution or under ratified Conventions the Committee had before it supplementary information or explanations supplied by some 60 governments. In accordance with the practice followed for a number of years, it decided that its report should draw the attention of the Conference to cases where governments had encountered serious difficulties in discharging certain of their obligations. It was emphasised that countries were not included in the list of

such cases with the intention of inflicting some sort of sanction. The Committee was fully aware of the many kinds of difficulty that individual countries might encounter, but considered that a focusing of attention on the more serious cases was one of the methods which might contribute to the search for positive solutions to the problems. Some members of the Committee felt that many difficulties in the application of ratified Conventions might be due to the fact that ratification had taken place before conditions existed which would permit the application of all the relevant obligations. On the other hand, it was noted that, apart from the difficulties to which attention had had to be drawn, this year again the Committee of Experts had cited 60 cases of positive progress in nearly 40 countries and territories where governments had made changes in their law or practice to take account of earlier comments by the supervisory bodies of the I.L.O., particularly following exchanges of views within the Committee. This provided fresh evidence of the usefulness of the existing procedures and of the better understanding of problems to which they might lead.

The Committee devoted a part of its general discussion to the survey made this year by the Committee of Experts of the situation regarding the Hours of Work (Industry) Convention, 1919, the Hours of Work (Commerce and Offices) Convention, 1930, the Forty-Hour Week Convention, 1935, and the Reduction of Hours of Work Recommendation, 1962.<sup>1</sup> On this question, which, for over a century, had been one of the basic claims of workers' organisations, there had, on the whole, been real progress during the 50 years since the first Convention, linked with social and economic evolution. While appreciating the need for economic development, several members emphasised that social progress must be its aim and that decent conditions of life and work were indispensable if the effort that development called for was to be made.

The Committee noted that in approximately two-thirds of the countries covered by the survey normal hours were below 48 per week and some 30 countries had already adopted the "social standard" of a 40-hour week. There were also frequent cases where shorter hours were laid down for particular sectors or groups. On the other hand, normal hours of work exceeding 48 per week were to be found in a number of sectors, and some areas (e.g. small undertakings) were not covered by the national provisions. Reference was made to the need for action regarding the hours of work of domestic servants, and to the problem of hours of work in agriculture and of seafarers.

It was noted by the Committee that, while the figures available for hours actually worked showed that their level on the whole followed the

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<sup>1</sup> Part III of the *Report of the Committee of Experts on the Application of Conventions and Recommendations* (International Labour Conference, 51st Session, Report III (Part IV), I.L.O., 1967). This survey is also available separately as *Hours of work: a world survey of national law and practice* (I.L.O., 1967).



reduction in normal hours, nevertheless excessively long hours were worked in certain cases, sometimes even in those sectors where normal hours were shortest. The Committee regretted that in some cases over-liberal conditions regarding the authorisation of overtime or too high a ceiling on the number of additional hours permitted might lead to abuses, as the workers were tempted to do too much overtime because of the higher rates of pay. It therefore considered that legislative restrictions on overtime and appropriate methods of supervision should be established.

On the general question of methods of application, the Committee observed that in many countries hours of work were regulated by collective agreements and arbitration awards, as well as by legislation, or that collective bargaining related only to the reduction of hours of work. It agreed that some degree of flexibility was desirable but stressed the need for certain basic guarantees, to which attention had also been drawn by the Committee of Experts. It considered that basic protection must be ensured by means of legislation fixing a maximum, both on normal hours and on effective hours—the latter aspect being ensured through the above-mentioned restriction on overtime and its supervision. The normal maximum working week of 48 hours should be introduced at once and for all workers, and progressive reduction to 40 hours actively pursued in industrialised countries and recognised as an objective to be reached by stages in the developing countries.

Finally, the Committee also expressed the hope that the Conventions on hours of work would be more widely ratified, in view of the great importance attached to the question by the vast majority of countries and by the I.L.O.

### **Improvement of conditions of life and work of tenants, share-croppers and similar categories of agricultural workers**

For the first time the Conference had before it an item aimed at the adoption of an instrument concerning tenants, share-croppers and similar categories of agricultural workers, who constitute a large proportion of the agricultural labour force, particularly in developing countries. The subject, which had been examined at a number of regional conferences of the I.L.O., had been included in the agenda by the Governing Body in response to a specific request embodied in the resolution on agrarian reform adopted by the Conference at its 49th Session in 1965.<sup>1</sup>

As the question of the improvement of conditions of life and work of these categories of agricultural workers constitutes but one important aspect of the wider problem of agrarian reform and rural development, it was stressed during the recent session of the Conference that these wider questions require the closest possible collaboration between the

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<sup>1</sup> See *International Labour Review*, Vol. 92, No. 4, Oct. 1965, pp. 273-275.

I.L.O., the United Nations, the Food and Agriculture Organisation (F.A.O.) and other specialised agencies. Both the United Nations and the F.A.O. welcomed this discussion by the I.L.O. and the benefits that could result from the adoption of an international instrument to better the conditions of the groups of agricultural workers concerned.

Detailed examination of the item was entrusted to a Committee on Agricultural Workers, which held a general discussion and then considered a set of draft conclusions prepared by the Office on the basis of the replies of governments to a questionnaire sent out earlier with its preliminary report.

In the course of the general discussion a number of approaches to the problems of tenants, share-croppers and similar categories of agricultural workers were put forward. For many, basic solutions to the problems could be found through the introduction of broad measures of rural development and agrarian reform. Others felt that through appropriate adjustments in tenancy and share-cropping institutions it should be possible to improve the conditions of these categories of workers, enabling them at the same time to play a positive role in the farming community. Despite differences in approach, it was generally agreed that the proposed instrument could aid these categories of workers, whether the institutional arrangements it envisaged were of a transitory or a permanent nature. It was repeatedly emphasised in the discussion that the instrument should be as flexible as possible, so as to take account of different socio-economic conditions, while at the same time incorporating elements common to all countries.

As regards the nature of the proposed I.L.O. instrument, the Committee agreed on the form of a Recommendation. It discussed the definition of categories of persons to be covered and concluded that the instrument should apply to agricultural workers who pay a fixed rent in cash, in kind or in labour, or who pay rent in kind consisting of an agreed share of the produce, or who are remunerated by a share of the produce. The instrument should also be limited primarily to those who work the land themselves or with the help of their families, though the possibility of more complete coverage should be left to the discretion of the competent national authorities. The draft conclusions prepared by the Committee include provisions dealing with the nature of contracts, the level of rents, compensation for improvement and disturbance, and similar matters. They also provide that measures should be taken to facilitate the access of tenants, share-croppers and similar categories of agricultural workers to ownership of the land, that the establishment and development of organisations representing the parties concerned should be encouraged, and that suitable steps should be taken for the promotion of co-operatives, the provision of low-cost credit, effective education and training, social security and special insurance, and integrated programmes of rural employment promotion.

The Conference adopted the draft conclusions submitted by the Committee by 221 votes to 2, with 8 abstentions. These conclusions, cast in the form of a Recommendation, have since been transmitted to governments for further study and comments. Their views will be incorporated in a subsequent report, which will serve as the basis for a final discussion of the question at the 52nd Session of the International Labour Conference in 1968.

The Conference also adopted a resolution calling for further consideration of questions of agrarian reform within the competence of the I.L.O., particularly as regards its social and employment aspects.

### **Technical co-operation and industrialisation**

For the general discussion on technical co-operation activities and the role of the I.L.O. in the industrialisation of developing countries two reports had been prepared for the Conference by the International Labour Office.<sup>1</sup>

#### **Review of technical co-operation**

The report on technical co-operation outlined the main trends in I.L.O. activities in this field and analysed the problems encountered in the preparation of technical co-operation programmes and their implementation and evaluation. Statistics appended to the report showed that expenditure on all I.L.O. technical co-operation activities had increased from \$3,412,000 in 1950-51 to over \$13 million in 1965.

During the general discussion in the Committee set up by the Conference Mr. Paul Hoffman, the Administrator of the United Nations Development Programme (U.N.D.P.), referring to the ever-widening income gap between the industrialised and the developing countries, observed that in 1966, whereas a little over one-half of 1 per cent. of the gross national product of the richer countries was invested in "peace building" (in the form of net transfers to the poorer countries), the corresponding expenditure on "peace keeping" (or preparation for war) was almost 11 per cent. The greatest task before the international organisations was to participate actively in peace building. In this common endeavour the I.L.O. held a special responsibility, having regard, above all, to the need for millions of skilled workers throughout the world. He was convinced that the I.L.O. was capable of meeting the tremendous demand for training if the necessary resources were placed at its disposal. Its technical co-operation activities should aim at ensuring equality of opportunity for each individual and at seeing that educational and training facilities were

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<sup>1</sup> *The I.L.O. and technical co-operation* (Report VIII (Part I) to the International Labour Conference, 51st Session) and *The role of the I.L.O. in the industrialisation of developing countries* (Report VIII (Part II) to the same session).



available to all, in order that the developing countries might be assisted to obtain the managers and skilled workers they needed.

The Secretary-General of the Conference, Mr. David A. Morse, referring to the policy adopted of making use of the existing organisations of the United Nations system for the execution of technical co-operation projects financed through the U.N.D.P., noted that this had contributed immensely to the elimination of duplication and overlapping of activities and had enabled the I.L.O. and the other specialised agencies to play a more effective role in economic and social development.

With regard to the preparation of technical co-operation programmes, the Committee noted that links had been established between the various sources of funds at the disposal of the I.L.O. for technical co-operation activities, namely the U.N.D.P. (which provided the major share of its resources for this purpose), the regular programme of the I.L.O. and special contributions from some countries for specific projects, in the form of funds-in-trust. In particular, the regular programme, which was financed from the I.L.O.'s ordinary budget, had enabled the latter to prepare, supplement and complete projects financed by the U.N.D.P.

Regarding the problem of recruitment, it was suggested that more experts should be recruited from developing countries and that, with due regard to geographical distribution, the Office should have recourse to public and private institutions and make use of national rosters of experts available for employment, where such rosters existed. It was also urged that measures be taken to safeguard the interests of experts in their countries of origin, by providing them with such career guarantees as re-employment, seniority, promotion and retirement rights.

Although particular importance was attached to the evaluation of technical co-operation programmes, it was felt that unduly large sums should not be devoted to perfecting objective evaluation methods, since priority must be given to the preparation and implementation of the projects themselves, and that the I.L.O. should adopt a strictly selective approach in this matter.

Various methods were suggested with a view to strengthening the participation of employers' and workers' organisations in I.L.O. technical co-operation programmes: the creation of national tripartite committees; the setting up of tripartite regional bodies attached to the field services of the I.L.O.; visits by members of the Governing Body to projects in course of implementation; and the representation of such organisations on the executive boards of institutions receiving technical assistance from the I.L.O. It was also suggested that a tripartite committee of the Governing Body might be established for the special purpose of evaluating technical co-operation programmes.

As regards co-ordination, the need was emphasised for the governments of beneficiary countries to make sustained efforts to co-ordinate

all forms of international aid provided to them, in close co-operation with the resident representatives of the U.N.D.P.; co-ordination of technical assistance, including bilateral aid, could best be organised at the local level.

At the close of its general discussion the Committee adopted a resolution concerning the I.L.O. and technical co-operation, which was adopted unanimously by the Conference.

The resolution noted with satisfaction the progress achieved by the Organisation in technical co-operation in spite of the continuing deterioration in the situation of the developing countries resulting from unfavourable terms of international trade and other factors inhibiting the growth of these countries and preventing adequate utilisation of their human and material resources. It called for a greater effort from member countries to provide the additional resources that would allow the I.L.O. to intensify its technical co-operation activities; asked the Governing Body of the International Labour Office to follow up a series of conclusions appended to it; and recommended that the various aspects of this subject should be examined periodically and more frequently by the Conference.

The conclusions appended to the resolution emphasised that I.L.O. technical co-operation activities should aim at the improvement of conditions of labour leading to social justice and the right of all human beings to pursue, without any discrimination, both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity.

Priority should continue to be given to human resources development, in particular to vocational training and management development activities. However, the responsibilities of the Organisation placed upon it the obligation to draw the attention of governments to the importance of I.L.O. operational activities in the fields of conditions of work and life and the development of social institutions, which, together with human resources development, constituted the essential factors of economic and social development.

As regards the preparation of technical co-operation programmes, the choice of priorities remained essentially the responsibility of the beneficiary countries. The I.L.O. should be able to assist the requesting governments by giving them the technical advice and information that would enable them to orient their development plans and take decisions on priorities. The participation of employers' and workers' organisations, in accordance with national practice, in the formulation of development policies and in the fixing of technical co-operation priorities would further ensure the success of projects.

I.L.O. experts should be recruited on the basis of their technical competence and pedagogical qualifications and their ability to adapt to the economic, social, cultural and physical conditions of their countries of assignment; they should be informed about these countries and, in

recruiting them, the I.L.O. should take into account the best possible geographical distribution.

With respect to the responsibilities of beneficiary governments for the successful implementation of technical co-operation projects, continuity could be achieved only to the extent that national personnel trained through international assistance were given adequate remuneration, guarantees of employment in the fields in which they were trained, and a status corresponding to the new responsibilities entrusted to them; recipient governments should make their contribution to the projects at the appointed time, in the form of buildings, equipment, supplies, personnel and budgetary allocations for installation and running costs.

The conclusions also emphasised the importance of systematic evaluation of technical co-operation programmes; the participation of employers' and workers' organisations in the preparation, implementation, and evaluation of such programmes; and the co-ordination of both multilateral and bilateral aid. Finally, the Conference approved the recent decentralisation measures, whereby the reorganised field services in the I.L.O. would be better equipped to participate in the preparation, implementation and follow-up of projects.

### **The I.L.O. and industrialisation**

The Committee's discussion embraced a wide range of major problems and facets of the process of industrialisation in the developing countries: objectives, the relationship between industry and other sectors, capital investment, international trade, regional co-operation. There was general agreement that a viable industrial structure should contribute to raising income levels and to social progress. Most speakers, however, stressed that industrial development should not take place in a vacuum. There was a need to integrate the industrial development programmes into the over-all economic planning mechanism, and a balance should be maintained particularly with the agricultural sector.

While considering that the I.L.O. had an important role in facilitating industrial development, it was recognised that the field of industrialisation was so vast that it could not be covered by any one agency alone. The Committee supported the policy that I.L.O. activities would be carried out in partnership with other international organisations and especially the United Nations Industrial Development Organisation (U.N.I.D.O.).

Some members were in favour of a concentration of the I.L.O.'s efforts in the fields of human resources development, improvement of conditions of work and life, and strengthening of social institutions. The Workers' and Employers' members of the Committee were in favour of a somewhat broader attack on the problems encountered in the de-



veloping countries, believing that the I.L.O.'s tripartite structure placed it in a unique position both to take a global view and to bring detailed practical experience from all sides of industry to bear. However, the general view was that, rather than drawing precise demarcation lines between the respective fields of competence of the many international and national agencies taking part in the industrialisation process, the accent should be on ensuring a concerted approach through close consultation and co-operation at all levels.

The Committee identified specific programme areas in which the I.L.O. should concentrate its efforts, in accordance with the established spheres of competence of the Organisation.

The assessment of manpower resources and the planning of training programmes to ensure that the development of trained manpower coincides with industrial requirements were considered by many members to be crucial activities of the I.L.O. Manpower planning could best be carried out in close contact with the economic planning organisations in the developing countries so as to establish clearly the role that human resources must play in the development of the economy as a whole. The Ottawa Plan of Human Resources Development and the proposed manpower plan for Asia were favourably commented upon. They could provide a valuable framework for the I.L.O.'s programmes in the fields of employment creation and skill formation. Projects directed towards the development of manpower statistics and manpower planning techniques were singled out as meriting concentration of effort.

Employment creation was a preoccupation of many members of the Committee, and various proposals were made for an acceleration of the growth of employment opportunities that would be consistent with sound economic development. The application of labour-intensive production techniques and the promotion of small-scale industries were often coupled together as a means to this end. The importance of I.L.O. research into economically sound labour-intensive industries, especially in rural areas, was stressed.

The role played by small establishments in the historical and current development of the advanced countries was cited, and the expansion of consultancy and extension services was proposed as a means of increasing the efficiency of small undertakings.

The Committee's discussion made it quite clear that training activities and human resources development in general should occupy a central position in the I.L.O.'s activities devoted to industrial development. The I.L.O. had a successful record in the field of vocational training, particularly as regards training in basic skills, but more projects were needed and greater attention might be given to the retraining of workers displaced through technological change. The management development programme was equally remarkable, but greater emphasis should be placed on the training of supervisors, which, as the training-within-

industry programme had shown, could materially promote industrial stability.

As regards I.L.O. activities for the improvement of conditions of work and life in industry, while these might have a less immediate impact on industrial growth, their long-term contribution to raising productivity, and to social harmony was recognised by the Committee. Programmes in such fields as occupational safety and health, labour legislation and inspection, etc., should not be considered a burden but, on the contrary, a means of raising efficiency and improving development possibilities. Economic policy should be based on the widest possible coverage of the population, whose active participation in development (particularly that of the workers) was essential.

Strong backing was given to I.L.O. activities in the field of labour standards, which ensured that the results of economic development flowed throughout the economy and did not just benefit a few.

The Workers' members proposed that a number of consultative organs should be established at the local, regional and national levels to examine and progressively improve conditions of work and life.

In respect of wages in industrial development, it was suggested that the Organisation could provide objective information on wage systems and incomes policy to governments. The I.L.O. could also assist by including wages problems in its management and trade union training programmes and by training national experts from each country to act as consultants to unions and employers' organisations.

The Committee drew attention to the resolution concerning national labour departments and other public institutions responsible for the administration of labour matters, adopted by the International Labour Conference at its 50th Session, and to the important functions of labour administration.

Emphasis was also placed by the Committee on the desirability of creating an appropriate framework of social institutions to foster a fruitful and harmonious relationship between the various sectors of the community. The Employers' members called for the establishment of a variety of institutions that could serve the needs of industrialisation in the developing countries along the lines of institutions existing in the more advanced countries.

Ways should be found to create conditions for direct understanding between workers and management, and it was suggested that the I.L.O. should give more attention to the study of specific means by which workers could participate in the development of undertakings and share in their profits.

Committee members considered that employers' and workers' organisations should be associated with the conception and implementation of social policy. Freedom to bargain collectively should be preserved in both the public and private sectors and integrated into a general wage

policy, which would be decided upon by the governments in collaboration with the employers and the workers. Measures to promote collective bargaining and procedures for the settlement of disputes constituted an important field of I.L.O. activity in the context of industrialisation.

Workers' education should be strengthened by the inclusion of instruction in questions of economic, financial and cultural policy. Such an improvement could be achieved through appropriate advisory services by the I.L.O. workers' education programme, which was one of the basic activities of the I.L.O. and should be matched by efforts to promote the development of employers' associations in the developing countries.

Finally, a working party of the Committee drafted a series of conclusions reflecting the views expressed in the discussions of the Committee as a whole. These conclusions were adopted unanimously by the Committee and subsequently by the Conference itself.

### **Resolutions on questions not included in the agenda of the Conference**

Seven resolutions on various questions not included in the agenda of the Conference were adopted.

In the first the Conference decided that the fiftieth anniversary of the International Labour Organisation should be celebrated in 1969 and proposed that this celebration should take the form of international and national activities aimed at promoting broad understanding for, and support of, the objectives of the Organisation. It further decided that the celebration should include activities throughout the year as well as special ceremonies in the course of the 53rd Session of the Conference and on Wednesday, 29 October, the date of the opening of the First Session of the International Labour Conference in 1919. Certain specific activities in collaboration with the United Nations and on the part of the governments of member countries and of the International Labour Office were also envisaged.

In a resolution "concerning occupational health, occupational diseases in general, and the special measures to be taken for the prevention and control of occupational cancer", the Conference noted the need for higher standards of protection of workers against diseases of occupational origin, particularly cancers of the skin and bladder. It called for a review of the application by member countries of the Occupational Health Services Recommendation, 1959; urged member countries to ratify the Employment Injury Benefits Convention, 1964, as soon as possible; asked for the convening of a committee of experts to prepare a draft list of occupational diseases and the revision of the lists appended to the Employment Injury Benefits Convention, 1964; and requested the Governing Body to give careful consideration to the whole question of



occupational cancer with a view to developing suitable measures for its prevention and control.

A resolution "concerning international co-operation for economic and social development" called for action in member countries to promote the widest possible understanding of the requirements and possibilities of such co-operation, and support for it as an expression of world solidarity; and for intensified international action by the I.L.O., including the development of targets for employment creation and human resources development in all regions of the world.

Recognising that "in many countries, in spite of considerable efforts to create more employment opportunities and promote a better utilisation of human resources, unemployment and underemployment are causing increasingly serious economic and social problems" and noting that "these problems may be aggravated by rapid population growth", the Conference also adopted a resolution "concerning the influence of rapid population growth on opportunities for training and employment and on welfare of workers". In this resolution the Conference requested a comprehensive study of the subject and proposals for further action that might be taken by the International Labour Organisation.

In a resolution "concerning action by the International Labour Organisation for migrant workers" the Conference—considering the unprecedented flow of such workers to industrially advanced countries, their contribution to the development of both these and their own countries, and the fact that their employment is sometimes unorganised, which severely affects their economic and social situation—urged member countries to co-operate closely with the International Labour Office when adopting measures dealing with migrant workers and their social protection.

The sixth resolution adopted by the Conference was one "condemning the racial discrimination in respect of employment, occupation and freedom of association practised by the illegal régime of Southern Rhodesia", and calling for measures to ensure effective application of the sanctions decided upon by the Security Council of the United Nations and by member countries of the I.L.O.

Finally the Conference adopted a resolution "concerning the International Covenants on Human Rights and the measures which the International Labour Organisation should adopt in regard thereto". In it the Conference, welcoming the adoption by the United Nations of the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and the optional protocol to the latter Covenant, invited the member countries of the I.L.O. to consider early ratification of, or accession to, the Covenants and urged them to ratify and implement as soon as possible the Conventions in the fields of human rights already adopted by the International Labour Conference.

### **Non-manual workers**

The discussion on the Director-General's Report <sup>1</sup> to the Conference was the occasion for 219 speeches, most of which took the problems and prospects of non-manual workers as their central theme, although many speakers also spoke of the activities of the I.L.O. during 1966, on which the Director-General had also presented a report to the Conference. Ninety-eight speakers were government representatives, 50 of them Ministers of Labour; 45 represented employers, 60 spoke for workers, and 16 were observers from international organisations.

Practically all the speakers referred to the formation of skills for certain key non-manual occupations as being of fundamental importance for growth and development. Delegates from industrialised countries stressed the need for policies and measures aimed at adapting the skills of non-manual workers to the changes that are taking place in their professions as a result of structural and technological change. Delegates from the developing nations were preoccupied by the existence of serious unemployment and underemployment in their countries, and drew attention particularly to the problem of the "educated unemployed" and to the need to harmonise educational and training systems with the manpower requirements of their countries. Although the problems raised varied greatly as between the industrialised and the developing countries, the discussion brought out clearly that in both cases special attention must be paid to non-manual occupations in policies for the development and utilisation of human resources.

One of the topics most frequently referred to in the discussion was the organisation of non-manual workers, speakers insisting that adequate institutional arrangements should be made to permit non-manual workers to have an effective voice in the formulation of policy at various levels. Many speakers stressed that in very few countries had satisfactory solutions to this problem been devised; since the present age of development and change raises some very acute problems for non-manual workers—problems which affect their security of employment, the conditions in which they work and their status in society—many speakers thought it important that non-manual workers, through their professional and occupational organisations, should be given the opportunity to influence decisions that affect their interests.

The general question of incentives for non-manual workers was also discussed during the debate. It seemed to be generally accepted that wages alone will not be sufficient to induce the changes in the quality and distribution of non-manual skills that are needed in order to deal positively

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<sup>1</sup> I.L.O.: *Report of the Director-General*, Report I, International Labour Conference, 51st Session, 1967 (Geneva, 1967), Part I: *Non-manual workers: problems and prospects*; Part II: *Activities of the I.L.O.*

with the social problems faced almost everywhere outside the major urban centres, especially in developing countries. The improvement of conditions of life and work, the development of basic social services and amenities in rural areas, and an intensification of efforts to promote social advancement and democratisation of education irrespective of social origin also constitute the types of incentives that might attract non-manual workers to the regions and occupations where they are most needed. All these and many other aspects of a general incentive policy were considered capable of playing an important role in correcting the imbalances that exist, and, in particular, of making a significant contribution to the solution of the increasingly serious "brain drain"—the migration of qualified workers from developing to industrialised countries.

Concerning the activities of the I.L.O., emphasis was placed by many speakers on the vital nature of technical co-operation with developing countries, particularly in the three major programme fields on which the Organisation is concentrating its efforts: development of human resources, improvement of conditions of life and work, and development of social institutions. The decentralisation of the I.L.O.'s activities was warmly welcomed, and hopes were expressed that this direct contact with the States Members of the Organisation would be strengthened in the years to come, through the establishment of additional field offices with wider responsibilities, more frequent regional meetings, and greater geographical distribution of the Office staff.

In his reply to the debate the Director-General welcomed the fruitful discussion on non-manual workers and their problems that had taken place, and assured the Conference that the comments and suggestions made would guide the Office in carrying forward and strengthening its activities in this field and would be of value to the Advisory Committee on Salaried Employees and Professional Workers in its deliberations later this year.

He referred to the most urgent problems facing the I.L.O. in the coming years, the foremost of which was a coherent approach to social policy seen as a complex of interrelated measures designed to make a contribution to the achievement of such fundamental goals as freedom from want, social and economic progress and equality of opportunity. In order to achieve this aim the I.L.O. should concentrate its programme on the three priority areas of protection of human rights, industrialisation, and development of productive employment. On the first, the Director-General considered that it was not a separate field of activity but should pervade the work of the I.L.O. on all levels. On industrialisation, the I.L.O. could make a major contribution in the fields of manpower and labour within the over-all programmes of industrialisation of developing countries through concerted action within the framework of the United Nations and its specialised agencies. The cognate field of employment required that no aspect of development be neglected, including rural development



and youth programmes directed towards the training, employment and placement of young people, who were the most affected both in developing and industrialised countries by the existence of unemployment.

The priorities he outlined could only be effective if action were taken on a much wider scale than had hitherto been the case by the United Nations family as a whole, through adoption of a plan for economic and social development that would not only specify roles and objectives but also contain an articulate programme for the attainment of these objectives in each region and in each subject area. To this end, the financial resources of the I.L.O. would need to be strengthened, and in this connection the Director-General recalled the apt statement made by Mr. Paul Hoffman, the Administrator of the United Nations Development Programme, that the industrialised nations were spending 11 per cent. of their gross national product on armaments, which they call peace keeping, as against one-half of 1 per cent. on what is called peace building, or rather aid to the developing countries.

In conclusion the Director-General pointed out that the job of full development required not only that a firm material base be established but also that proper emphasis be given to the spiritual and moral aspects of the picture. It was by helping to create this balance in growth—by reaching out to the home, the farm and the workshop, and by bringing into play the participation of employers' and workers' organisations and their individual members in the tasks of social and economic development—that the I.L.O. could make a new and important contribution to peace.

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# High-Level Manpower Planning in Hungary and Its Relation to Educational Development

János TIMÁR<sup>1</sup>

## The purpose of high-level manpower planning<sup>2</sup>

IN A PLANNED ECONOMY the system of plans has to cover the whole complex field of national economic activities. Manpower planning is an integral part of national economic planning, designed to ensure, in the light of both economic requirements and social needs, the provision of a labour force of appropriate size and with appropriate skills, its suitable apportionment among the various sectors of activity, and a state of full employment.

In Hungary national manpower planning comprises two main operations: general planning and high-level manpower planning. General planning, undertaken in the light of the manpower resources available to the nation and of those required for future development, enables us to compare supply and demand and thus to ensure that there is a balance between the two, for each sex and both locally and nationally.<sup>3</sup>

High-level manpower planning serves as a basis for educational planning. Education, as we see it, has a dual part to play.<sup>4</sup> It can provide a man with moral discipline and general intellectual training and improve him both as an individual and as a member of society. But it can also

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<sup>1</sup> Head of Department, National Planning Office, Budapest.

<sup>2</sup> By high-level manpower we mean persons engaged in activities for which vocational training in schools at the secondary or university level is usually required. Forecasting of high-level manpower requirements also entails forecasting the demand for skilled manual workers in the narrower sense. Since, however, the latter type of forecasting involves fundamentally different methods, we shall not discuss it in detail in what follows.

<sup>3</sup> Here we shall discuss general manpower planning only in so far as it has to do with high-level manpower planning. For a summary of the questions raised by general long-term manpower planning, see J. TIMÁR: *Planning the labour force in Hungary* (New York, International Arts and Sciences Press, 1966).

<sup>4</sup> By "education" we refer throughout this article to the school system as a whole, including normal schooling as well as courses organised for employed persons (e.g. evening and correspondence courses), and embracing young people and adults, and both general and vocational education.

give him useful knowledge and practical skills that will help him to do a definite job of work and to take his place in the social division of labour. This is the aspect that is of immediate and decisive interest to economist and planner alike. Education has a determining influence on the knowledge, skills and profession of young people at the start of their working lives, and adult workers, too, are to an ever-increasing degree enjoying its benefits. Accordingly, it can be said that in the long-run education has a decisive effect on the quality and make-up of the labour force available to society.

Whence the close interdependence between education and the national economy.<sup>1</sup> At the present level of social and economic development and of scientific and technical progress the labour force has to possess skills of a certain type, structure and quality. In our day the main task of the educational system is to produce the kind of labour force the national economy requires.

It is already generally recognised that education and the level of development are interdependent, at least qualitatively. Forecasting what the national economy will need in the way of high-level manpower makes it possible to establish this relationship in quantitative terms.

By making such forecasts with an eye to social and economic progress and to the foreseeable demands of scientific and technical development, and by adapting the education system accordingly, we can ensure not only that the future labour force will have the right structure (i.e. the right distribution by type and level of skills and by occupation) but also that the right numbers of manpower (young workers and women in particular) will be available.<sup>2</sup> Thus education constitutes a powerful means of maintaining a balance in the employment market.

In brief, high-level manpower planning, though directly concerned with the development of education, is an element of general manpower planning as a whole and serves its ends, namely "social reproduction" (i.e. sustained growth), optimum distribution of labour resources and stability of employment. These are the fundamental principles determining its methodology.

The planning methods at present used in Hungary owe a great deal to experience. The annual and five-year plans, regularly drawn up since 1948, have always taken account of the main indicators concerning education. During the first few years they were strongly influenced by the policy for democratic education, which resulted from the social changes introduced after the Second World War. However, the requirements of

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<sup>1</sup> By "national economy" we do not mean merely industry, agriculture and the other sectors of the material production sphere, but also the various sectors of the non-material production sphere (education, public health, services and so forth), in fact, all fields of social activity.

<sup>2</sup> The national educational system determines the average age at which young people finish school and begin to work. Experience has shown that this has a powerful effect on the supply of women workers.



the national economy and estimates of future skilled labour requirements played an important part from a very early stage in the development of vocational training institutions. Plans in the field of education, as in that of economic development, were for periods of one or five years and were largely dictated by the requirements of undertakings and organisations.

Despite the great progress made from year to year, this procedure proved unequal to the demands of a planned manpower policy. In 1960, for the first time, the planners made use of the experience acquired in Hungary and elsewhere to produce a 20-year manpower and educational plan. The planning methods previously favoured were dropped, and the first series of forecasts no longer depended on planning at the level of the undertaking; they were made centrally by a small group of experts on the basis of a study of the factors affecting the numbers and composition of the labour force. In 1963, after analysis and revision of the new planning procedures, a start was made on a complete plan (1963-80) for high-level manpower and education. The novelty of the work and the need to unearth the necessary data made progress slow and gradual. At each stage the experts had to prepare the ground for the next stage, while revising the results obtained and the planning methods adopted. Hence this nation-wide plan will be finished only this year, despite the fact that the bulk of the planning work was completed towards the end of 1965.

In what follows we shall do no more than give a bird's-eye view of the present state of planning methodology, without describing the progress made or expatiating on the experience acquired.

### **Premises of planning methodology**

The aims of high-level manpower planning have already been described; the actual methods used are determined by these aims and by the methodological concepts that follow from them.

### **Optimum structure of the labour force, and the unity of planning**

Division of labour calls for people with different educational backgrounds, so that the educational system will have to cater for a variety of needs. Moreover, the greater the degree of economic and technical development the more marked the division of labour and its complexity will be.

This is why the educational system, the types of schools, the average length of schooling and the educational level of the people themselves vary from one society to another (in this context religious, historical, moral and other factors, although not to be overlooked, play a part of secondary importance).

High-level manpower planning will therefore not be fully effective, and will not play the part assigned to it in bringing about balanced develop-

ment, unless it covers all the requirements, differentiated according to level and duration of education.

Like the division of labour, technical and economic progress calls for men and women with very different skills. The closer the correspondence between the supply of skills and the work to be done the greater the efficiency of the labour force will be. If this correspondence is perfect we can say that the organisation of manpower represents an optimum, in which event the labour force will operate with maximum efficiency. By the same token, the efficiency of education will also be at a maximum, since losses due to excessive occupational mobility will be reduced and unnecessary expenditure on education (as, for example, when expensively trained engineers are employed as technicians) will be avoided.

Accordingly, planning should aim at an optimum structure of the labour force. Hence it should not remain limited to manpower of a certain level (persons with advanced educational qualifications) or to people with, say, technical qualifications only, or even to a particular branch of activity that is considered to be important (industry, for example). It must on the contrary cover all fields of social activity<sup>1</sup>, and manpower requirements of all kinds and at all levels. Experience has shown how correct this is and has demonstrated the mistakes that are likely to be made when planning neglects the manpower requirements of certain sectors on the grounds that they are less important or somehow less worthy of attention.<sup>2</sup> Thus separate consideration was originally given to the demand for doctors and engineers, although later experience has shown that the demand largely depends on the number and level of training of the auxiliary medical staff and technicians available to assist them.

### **“ Occupational convertibility ” as a classification factor in planning**

The “ List of Individual Occupations ” prepared in Hungary for census purposes enumerates several thousand trades and occupations calling for special, systematic instruction lasting for several years. As technical progress proceeds, this multiplicity becomes even greater. Modern vocational education and training tend to aggregate these individual occupations, many of which differ only in points of detail. Yet training institutes still offer certificates of proficiency in several hundred different trades.<sup>3</sup> However, what we said above about the need for over-all

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<sup>1</sup> This term covers both the material production sphere and the non-material production sphere (education, public health services, and so on).

<sup>2</sup> The order in which plans are made for the various occupations or sectors of activity, their degree of detail and reliability, will depend very largely on how important these occupations and sectors are felt to be to the national economy. This is another question, to which we shall revert.

<sup>3</sup> In Hungary apprenticeship schools (providing a three-year course for trainees who have already had eight years' general education) at present provide instruction in 243 trades and occupations. The secondary vocational training colleges (four years' course) provide instruction in 91, and advanced training colleges in 265.

coverage in high-level manpower planning by no means implies that it is essential to make detailed forecasts of requirements in all these occupations, whether in terms of the occupations themselves or in terms of vocational training. Planning with such a wealth of detail would be impossible and indeed unnecessary. Excessively detailed planning, besides adding to the burden of work, increases the risk of error. Hence, in Hungary, high-level manpower needs are planned for a number of "aggregate" occupational groups, the degree of aggregation depending on the "convertibility" of the individual occupations.

"Convertible" occupations are those that are closely similar in content or that share a common basic training, specialisation taking place only right at the end of the course. The specialists of any one "aggregate" group would find little difficulty in adapting themselves to any of the occupations within that group without retraining. For example in Hungarian technical universities there is a basic three years' course before the trainees start specialising in one or other of the branches of mechanical engineering (machinery, motor or other vehicles, etc.). Thus at the start of his working life an engineer specialising in machinery will find little difficulty in working as a vehicle builder.

As far as planning is concerned, we may therefore conveniently institute a single general group comprising all the many occupations concerned with mechanical engineering.

Naturally the specialised occupations of architect and chemist cannot be regarded as "convertible". A trained architect would need retraining before he could do the job of a chemist, and vice-versa. Accordingly, requirements for architects and requirements for chemists have to be estimated separately.

Thus by adopting the principle of "convertibility" we can respect the unity of planning without getting bogged down in excessive detail.

### **Interdependence of education and high-level manpower planning**

There are various ways in which the labour force can be divided into groups and classes, according to whatever our purpose happens to be. In Hungary the primary aim pursued in high-level manpower planning is to ensure that the educational system is able to meet the demands made on it. Subdivision into groups thus obeys the two criteria discussed above, namely unity of planning and occupational convertibility, which makes it possible for high-level manpower plans to be used directly as a basis for educational planning. This direct link is established because experience shows that, among a group of men all doing the same job, those who have been specifically trained with that particular job in view will usually be more productive. In certain occupations this is perfectly obvious; the practice of medicine, for example, can be identified with a medical degree, which is in fact required by law. In other occupations the connection is not



so direct; in Hungary, for example, the very great majority of those employed as engineers are graduates of a technical university, but among technicians those who have received practical, on-the-job training are much more numerous than those who have received formal, institutional training. Generally speaking, the less specialised and complex an occupation is the less there is a direct equivalence between the occupation and specific technical training. But scientific and technical progress and the development of education have greatly increased the numbers of those in all occupations who must undergo special, institutional training. For social and economic reasons this tendency should be given every encouragement.

The system of grouping used in Hungary is determined by the relationships obtaining between the various occupations and the relevant education. An analysis of the work to be done enables us to decide what skills are at present required for closely similar occupations, what changes these skills are likely to undergo, and what level and type of education would be most conducive to efficient performance of the jobs in question.

How occupations have been grouped on the lines described above is shown in Appendix I. In this table the 599 occupations for which the educational system at present provides have been arranged in six major groups and 87 minor groups. The high-level manpower plan drawn up in accordance with this system requires no translation into any other code or system in order to show the existing state of vocational training establishments and their development targets.<sup>1</sup>

### **The need for long-term planning**

Our fourth premise is that high-level manpower plans must cover a long period (15 to 20 years). Only in this way can we harmonise the activities of general and vocational training schools, as well as of succeeding phases of the educational system. This is the only way of ensuring the smooth development of education and of combining progress with stability, a prerequisite for fruitful educational activity.

The high-level manpower plans elaborated these past few years cover a period that ends in 1980. At the same time economic development plans, for each year and each five-year period, are continually being produced. Short-term and medium-term planning does not cover high-level manpower requirements, although detailed indices of school enrol-

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<sup>1</sup> In some countries skilled manpower requirement plans are drawn up in accordance with the *International Standard Classification of Occupations* (Geneva, I.L.O., 1958). This classification differs quite considerably from that required for the purposes of educational planning, and hence manpower plans based on the categories used in population censuses have to be translated into the language of education. Experience acquired in Hungary seems to show that it is better to adapt statistics to educational planning requirements and to adjust the statistical data to the degree necessary from the start.

ment are worked out. In the process the concentrated occupational groups used for long-term planning purposes are broken down according to speciality. In some instances long-term high-level manpower plans have been altered because of a change in the aims of development or with an eye to methodological improvements. Thus short-term planning ensures that long-term plans can be constantly reviewed. This, however, does not affect the fact that high-level manpower planning must cover a period of 15 to 20 years. In what follows, we shall describe in some detail how long-term planning proceeds.

### **Main methodological features of planning**

As we have seen, our planners began by declining to base their long-term forecasts on the demand for skilled manpower emanating from undertakings themselves and to determine the nation's requirements in the light of the total demand thus arrived at. Experience has shown that, in announcing their manpower requirements, undertakings are excessively influenced by prevailing economic conditions and by the short-run manpower situation, with the result that these requirements cannot be used as a foundation for deciding on future objectives. Individual concerns cannot properly judge what direction the nation's economy is going to take. In addition, it must not be forgotten that if economic progress is rapid, a considerable proportion of the manpower provided for in long-term plans will be absorbed by undertakings and institutions that do not yet exist.

After very thorough consideration the alternative of planning high-level manpower requirements in accordance with an econometric model based on the national economy as a whole was also turned down. The difficulties involved, insuperable for the time being, arose not from the problem of devising mathematical formulae for the model, nor from that of programming the plan objectives, but rather in connection with the need for giving the model an economic content with realistic technical coefficients. The method suggested seemed to promise no more than a solution to the problem of classifying manpower by level of training and to the problem of ensuring a proper sequence of steps in the national educational system. Besides, aggregated information of the kind involved would not by any means meet the planning requirements and premises defined above. It is no use merely matching economic needs and the expansion of the educational system; detailed co-ordination of demand and supply is also needed for individual occupations. General indices are of very little use when it comes to deciding how the educational apparatus should be adapted; it is not a question of expanding "secondary education" or "higher education" in the abstract; what we want to know is whether more general secondary schools, agricultural or technical colleges, or secondary-level vocational schools are required, and if so, in what

numbers; whether more mechanical or electrical engineers or more technical instructors should be trained, and how many of them there should be.

The experience acquired during the first few years led the planners to conclude that for the time being we in Hungary are unable to devise a single comprehensive planning model covering the whole of the national economy and all occupations. But they also concluded—

- (a) that national long-term high-level manpower requirements should be planned separately for occupational groups and sectors of activity that are homogeneous as far as the factors affecting requirements are concerned;
- (b) that, because long-term planning is liable to be inaccurate, a number of different and independent methods should be used simultaneously for cross-checking purposes;
- (c) that both macro-economic and micro-economic methods should be used, the first with a view to ascertaining the volume of requirements, the second chiefly in order to ascertain their structure.<sup>1</sup>

Appendix I sets forth the six major occupational groups for which separate plans were evolved.

In forecasting future demand we have given special attention to the level of vocational training required, since this, in our view, is one of the main factors involved in any attempt to devise an optimum structure for the labour force. This point has already been emphasised above. Although our point of departure was not the existing skill structure as it had crystallised over the years, we did not systematically overlook the existing position. In the light of comparative international studies and analyses—we shall revert in a minute to the problems of method arising in this connection—we defined the levels of vocational training on which manpower planning should be based. After due consideration we largely abandoned the system of planning on the basis of the traditional hierarchy of vocational qualifications and decided to increase the number of intermediate levels of skilled personnel. For example specialised technical occupations were represented only by technicians trained in secondary vocational schools and by engineering graduates. In the light of our

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<sup>1</sup> In detail the planning methods used in Hungary resemble those elaborated by experts in other countries in many respects. The macro-economic methods used are partly the same as the method used in Poland by Charkiewicz. In micro-economic research interesting results have already been achieved by a group of Czech research workers (Auerhan, Kosta, Padevet, Petracek). In many respects our planning methods correspond to those of French experts (Poignant, Debeauvais, Vimont) and German experts (Sachse, Sarodnick). Many are the experts whose work has influenced Hungarian planning or who, in the course of parallel research, have reached identical or very similar conclusions.



preliminary studies we decided to include an intermediate group—"engineers"—between "graduate engineers" and "technicians", on the assumption that these would be turned out by a new type of advanced training establishment in accordance with requirements.

The fruit of all this is a detailed plan of high-level manpower requirements, by occupational group and level of training, showing what our requirements in 87 minor groups will be by 1980. The calculations involved were of course a good deal more complicated.

Estimates were made for each of the 24 principal sectors listed in Appendix II. In addition, manpower requirements for 1980 were estimated as part of general long-term planning.

However, in planning for the major occupational groups we did not conform rigidly to this system of sectors, paying regard rather to the importance of each sector for the occupation concerned. For example, when estimating technical manpower requirements in the machine-building industry, we gave separate consideration to the needs of telecommunications, precision engineering, optics, and mass-production metal trades. Similarly, in the extractive industries, the chemical industry and other principal industrial sectors we went into greater detail if certain sectors had considerable requirements for high-level manpower or if their rates of growth or the structure of their high-level manpower set them apart from the other sectors in the principal industrial sector concerned. The needs of agriculture and public health administration were examined in detail, and a separate examination was also made of requirements for specialists in agricultural and medical education and research. But only a very rough assessment of the demand in other sectors for agricultural and medical specialists was made, since these requirements are insignificant if compared with those of the basic sectors alluded to.

The planning method adopted, and especially the micro-analyses, obliged us to go into details of "fields of activity" as well. Thus requirements for senior scientific, technical and agricultural staff, classified by industrial sector and level of training, were broken down into five other categories, namely: research and development; process planning; production; maintenance; and management.

As regards teaching staff we separately considered requirements for teachers properly so called, and for school principals, inspectors and administrators, as well as for specialist extension workers and others.

Accordingly, within each major occupational group, we made a detailed study of requirements according to four parameters: occupational group, level of training, industrial sector, and field of activity. This is why the calculations underlying our plans were so complicated. Yet they are no more than the raw materials of planning. As regards its immediate purpose, i.e. the systematic development of the educational system, the essence of the plan is the figures it contains on requirements for each occupational group and for each level of training.

**Micro-economic and macro-economic methods  
and their main features**

**Micro-economic methods**

For the purpose of high-level manpower planning the micro-economic method consists in defining the quantity of manpower needed to do a particular job (allowance being made for future technical developments), as well as its occupational structure and level of training and responsibility—all this in the light of an examination of model job descriptions and for various fields of activity. Analysis also shows what kind of skilled manpower (whether produced by the existing system or by the one to be created in the light of requirements) is likely to meet these needs.

Use of micro-economic methods is justified first and foremost by the fact that over a period of 15 to 20 years the kind of skills required in certain occupations, and the level of training demanded, are likely to change. Such changes may not be revealed at all, or only to a very limited extent, by a macro-economic, statistical examination of the position as it was at a certain point in the past. Furthermore, a micro-economic analysis of the work done by the various occupational groups will help us to detect trends that, in the long run, are likely to have a significant effect on society's high-level manpower requirements but for the time being are visible only at the level of undertakings that are in the forefront of progress both technically and as regards organisation. Accordingly, in our micro-analyses we must resolutely ignore the present situation and consider what the position will be in 15 or 20 years' time.

In the analyses carried out in Hungary the following were the chief procedures used:

- (a) Using sampling methods, the opinions were sought of a wide circle of experts in the field of production, research, education, management, etc., who were all thoroughly familiar with the state of affairs obtaining in their particular sphere. The suggestions made were then summarised and analysed.
- (b) Visits were made to a number of concerns differing as regards technical equipment and organisation, to analyse the work done by specialists and to ascertain what skills were required for its performance.
- (c) With regard to technical equipment and organisation of work, an examination was made of the extent to which outstanding work units (the formula for the future) make use of specialists.
- (d) Experiments were carried out in certain cases to ascertain skilled manpower requirements and to see how far such manpower was in fact available.

The extent to which these methods can be used will vary depending on the major occupational groups and principal industrial sectors investigated; in addition, some of them are more time-consuming than others. Hence we decided in favour of one rather than another in the light of the kind of scientific research already under way, of the existing network of research institutes, and of the quality of the team of specialists in each main occupational group. Another consideration was whether, by our choice of method, we should be able to finish our inquiries in time. In more than one instance we were forced to fall back on a compromise or to use a method which seemed to us realistic in the circumstances rather than one which on purely theoretical grounds might have been preferable.<sup>1</sup>

Planning was carried out mainly in two ways, based on job analysis and work study, one of them making use of high-level manpower *coefficients* and the other of *organisational models*.

For work which, because of the large numbers of workers involved, can be considered more or less homogeneous, we worked out coefficients for manning, level of training, and special skills. Apart from a number of simple coefficients (e.g. number of pupils per secondary-school teacher) we also established coefficients for the number of technicians needed to maintain 1,000 telephone lines of a particular system, the area under crops per agronomist, the number of doctors per 100 hospital beds, and so on.

The method using organisational models entails drawing up organisational diagrams for typical undertakings or technical or administrative units. These diagrams show us how many specialists are needed and what qualifications they should have. The models varied according to the special features of the different major occupational groups and principal industrial sectors. The main methods used were as follows:

- (a) existing production units considered to be the most up-to-date were used as a model for probable future conditions;
- (b) theoretical models of specified efficiency, designed to operate in particular circumstances, were evolved without regard to existing undertakings;

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<sup>1</sup> Our experience shows that the best procedure would be to draw up a set of occupational profiles, describing each activity in full, together with the conditions of work, and the aptitudes and skills required, within the perspective of the planning period. The profiles would also provide some indication of the kind of training school considered likeliest to meet the needs thus specified. They might suitably be drawn up by working parties in the light of instructions issued by a central authority. Each working party would comprise experts in technical, administrative and educational matters, both theoretical and practical, and thoroughly familiar with the field under study. However, the preparations needed for a task of this kind are fairly lengthy; the administrative machinery involved is considerable, and, lastly, a good deal of time is needed. We were therefore unable to use this procedure in the course of the phase now drawing to a close. Only recently have we begun to draw up occupational profiles of this kind, for skilled workers in the first instance. It seems that steps are now being taken in the German Democratic Republic to do the same.



- (c) models were established for big new undertakings, to be created between now and 1980, for which plans have already been produced or are in course of preparation.

A decision as to how many models would be required was taken in the light of the complexity and heterogeneity of the particular sector concerned. We have no space here to illustrate the multiplicity of these models and their special features. However, Appendix III presents a fairly simple model devised in the course of an investigation into the high-level manpower requirements of the building materials industry.

In planning high-level manpower requirements by the use of coefficients we multiply the coefficient by the relevant development factor. Thus the product of the number of hospital beds forecast for the year 1980 (in hundreds) and of the coefficient (number of doctors per 100 hospital beds) will give us the total number of hospital doctors required.

Using the model method we also calculated how many model units would be needed to arrive at the state of affairs assumed to exist in 1980, and then multiplied this figure by the manpower requirements in accordance with the model (see the recapitulation at the end of Appendix III).

As mentioned above, micro-economic methods enabled us to forecast the major qualitative and structural changes. However, the use of these methods to calculate total needs may be highly misleading. Generally speaking, the errors made were all in the same direction—they inflated total high-level manpower requirements. The explanation of this is that in most of the coefficients and models figures tended to be rounded with an excessive safety margin. When the coefficients and models were first worked out these exaggerations were exceedingly difficult to detect. But the total skilled labour requirements of the national economy are calculated by multiplying the coefficients and the requirements deduced from the model. Hence minor inaccuracies, present from the outset, tended to grow as calculations proceeded, with the result that manpower requirements as finally arrived at were far in excess of actual requirements. This is why micro-economic methods—in our personal view—represent no more than one of the planner's resources; they are chiefly useful as a means of assessing the long-term structure of requirements by occupation and level of training.

### **Macro-economic methods**

Among the macro-economic methods used in long-term high-level manpower planning are those that might be described as a "corrected extrapolation of national development trends". In most instances the point of departure is the long-term employment plan, the total manpower required in 1980, and the way in which such manpower is assumed to be apportioned among the various sectors.

Analysis of the statistical data showed certain regular trends in the proportions of manual and non-manual workers. This provided a first breakdown of total manpower. For certain sectors it was possible to break down the non-manual group still further, for example to estimate the number of technical employees required by industry. Analysis of the groups by age and by level of training in the base year enabled us to calculate how many workers at present employed will still be working at the end of the period, i.e. in 15 or 20 years' time, what their qualifications will be, and how many fresh qualified staff will be needed by undertakings.

In the course of investigations of another kind we analysed indices of change in manpower structure—for example how many specialists with scientific and technical training are required for every 100 workers in industry (the "specific saturation" or "saturation coefficient" procedure), changes in the proportion of doctors to auxiliary medical personnel, the rate of growth of total manpower in certain groups of specialists, and so on.

Besides changes in manpower structure, where data were available we also considered the correlation between various groups of specialists and the indices representing a given rate of economic expansion—for example changes in production, productivity, fixed capital, the national income, and in the over-all totals for the various specialist groups. However, none of these calculations has proved very helpful. This is because, in the chequered economic and social history of Hungary over the last 30 or 40 years, no particular phase of development can be considered a typical one the data for which can be extrapolated 20 or 30 years ahead.

Development in Hungary during the inter-war period was exceedingly slow. In 1949 the proportion of people engaged in agriculture, as revealed by a census, was the same as in 1910. Hence we cannot use this period for the purpose of predicting future developments. Similarly, in the 15 to 20 years of rapid industrialisation which began in 1949, changes have been proceeding at such a pace that the data relating to this period cannot, without grave risk of error, be extrapolated into the years to come. Hence we had in each case to make a detailed analysis of the social and economic situation of the country. This showed us how we ought to assess the data relating to certain moments or certain periods, and how, and to what extent, we ought to make allowance for them in our calculations. This explains why, in our calculations, we were obliged to use estimates other than the results we should have obtained had we assessed our data by exact, mathematical methods.

As a result the utmost importance was attached to international comparisons. At the cost of a great expenditure of time and energy we endeavoured by all possible means to assemble and analyse international data relating to high-level manpower developments in all fields. The problems we encountered are so well known that it would be pointless to

expatiate on them here. However, our efforts in certain fields did meet with some success. Thus we were able to draw some useful conclusions from analyses of comparative international data relating to the development of different specific indices concerning requirements for engineers and technicians, doctors, medical and sanitary staff, and teachers.

Our comparative analyses of international data also disclosed that in the history of our country attachment to traditional institutions and ways of life has sometimes outweighed a willingness to embark on economic and technical developments that in the abstract might be considered desirable. In the light of these analyses, therefore, we departed a good deal in several instances from the results of calculations based on national data. This procedure was of special importance in planning the structure of high-level manpower by level of training and by occupation.

### **Organisation of planning; some special features of planning by major occupational groups**

In Hungary long-term planning of high-level manpower requirements is directed by the National Planning Office, which has decided on the methods to be used and on the principles that should govern planning for occupational groups. The plans have been drawn up in various ways by panels of experts, and close permanent contacts have been maintained between the Office and the panels. In this way it has proved possible to ensure that all the parties concerned pursue the same objectives in economic and labour policy and observe the same basic procedures, despite minor differences in methods and organisation. Experts from the National Planning Office have co-ordinated the work done, as regards both organisation and contents. In this section we shall briefly outline the ways in which the high-level manpower plans for the major occupational groups were produced.

The most complicated, arduous and lengthy job of all was the preparation of a plan for scientific and technical specialists. This task was entrusted to a general committee and secretariat set up by the National Technical Development Commissariat and to 24 working parties responsible for the various sectors of the economy. All in all, 1,400 experts attended meetings of the working parties or had a hand in the preparation and review of investigations. The stages listed in Appendix IV give some idea of the methods adopted. It will be seen that five variants were worked out. The first of these represents the sum of the sector plans. These plans were drawn up very largely by micro-economic methods based on organisational models. This variant provided a basis for occupational structure and level of training with an eye to the final variant of the plan. Two other variants were drawn up in the light of comparative analyses of international data. These were chiefly useful for checking purposes and provided us with a basis for modifications worked out from a study of



national data. A fourth variant was evolved from national data by a macro-economic method consisting of an analysis of trends in the total number of technical and scientific staff (engineers, research workers, technicians, and manual workers). A supplementary calculation showed how possible changes in the long-term employment plan (which plays a decisive part in planning) affect the demand for specialists with a scientific or technical background. Lastly, the fifth variant was worked out by comparing the variants available and analysing their differences. It was this fifth variant which, having been duly analysed and criticised by various committees of experts, was adopted by the Government. It should be pointed out that approval by the Government did not extend to details of planning and that the summary indices in the plans were approved only as target figures, which the National Planning Office is entitled to check at regular intervals and change if necessary. The Government gave its approval, first and foremost, to the principles governing educational developments and the apportionment of high-level manpower, as derived from the plan.

The high-level manpower plan for agricultural specialists was drawn up by a large committee of experts appointed by the National Planning Office, the Ministry of Agriculture, and the National Technical Development Commissariat. The planners made a detailed study of the direct demand in the agricultural sector and separate studies of the demand in agricultural research and administration. They were content to make a general, over-all estimate of the need for high-level agricultural workers in other sectors, since the demand, although real, did not amount to very much.

The calculations and investigations undertaken for the agricultural plan are summarised in Appendix V. In the process of planning much attention was given to the study of organisation of work and to the calculation of manpower coefficients, since in this respect we were fortunate in having the work already done by the agricultural research institutes to go on.

Requirements for medical and health specialists were estimated by a committee of experts appointed by the Ministry of Public Health and the National Planning Office. Requirements here, with a few insignificant exceptions, occur in a relatively narrow field, namely that of public health. Scientific research designed to provide a basis for planning had already been undertaken. Under the guidance of the Institute for Advanced Medical Education and of university lecturers called upon to investigate the organisation of health services, detailed research was undertaken on current standards of medical care for in-patients and out-patients, the supply of drugs, day nurseries, public health activities, the prevention of epidemics, and the horizontal and vertical division of work. The hospital services in a large town providing services above the national average were also studied. Lastly, mortality tables in two typical regions were

examined. In the light of these investigations the committee drew up a plan for high-level medical and health personnel using, above all, the method based on manpower coefficients. Among the macro-economic procedures adopted, international comparisons were very frequently resorted to.

The plan for teacher requirements was elaborated by the Ministry of People's Culture, using a method devised in conjunction with the National Planning Office. The demand for teaching staff properly so called was forecast by the coefficients method, a comparative analysis of international data being used to work out and check the standards adopted for the plan. The demand for inspectors and principals was estimated in the light of the planned number of educational establishments and of organisation diagrams. Requirements for persons trained as teachers but employed in fields other than education (popular culture, the press, and so on) were estimated by an analysis of the existing position.

Experts appointed by the Hungarian Association of Jurists forecast the demand for jurists. A close scrutiny of the existing position showed that, outside a few narrow fields, the market for jurists is now saturated. However, a very slight increase might be justified to meet the demand for legal services in undertakings and production co-operatives, and to ensure that civil interests have proper legal representation.

Planning the demand for senior economic and managerial specialists gave rise to problems similar in scale to those connected with scientific and technical workers, since trained experts in this field are in such demand in so many different sectors. As in the case of scientific and technical workers, the task of planning was entrusted to the general committee set up by the National Technical Development Commissariat and to 13 working parties. A special panel of experts was created to consider the probable extension of automation in management and its effects on the demand for high-level manpower. Work in connection with this last major occupational group is not yet entirely finished.

After this description of analytical planning by major occupational groups, all that remains is to summarise the results of the work done.

### **Summary of high-level manpower requirements; their connection with educational planning**

As we have already said, Hungary has evolved an employment plan for the period between now and 1980, as part of general manpower planning. Estimates have been made of the total manpower required per sector and of the way in which it will be apportioned between manual and non-manual workers. When the figures of the high-level manpower plan for the major occupational groups are added together, an adjustment has to be made to allow for employment, which has been planned separately. Even over a longish period such as 15 to 20 years, there will be some non-manual workers who will have had no specific vocational



training and do their jobs thanks only to the practical experience they have acquired. This adjustment—one of the final methods by which the series of distinct operations involved in high-level manpower planning is checked for over-all consistency—serves to link general manpower planning once again with high-level manpower planning.

By “high-level manpower planning” we understand the planning of total demand for such manpower during a particular phase in the national development—in this instance the period ending in 1980. This is the problem that gives rise to the greatest conceptual and methodological difficulties in planning. By comparison it is relatively easy to forecast “total replacement demand”, which is the sum of the difference between the manpower at the end and at the beginning of the period in question, natural losses (retirement, invalidity and death), and losses due to social mobility (abandonment of occupation, net migration). It is this total replacement demand that must correspond to the output of the educational system, planned in the light of social as well as economic considerations.

The input into the educational system is given by the number of children of school age. The structure of the educational system between the given input and the planned output is determined by coefficients representing the proportions graduating at various levels or dropping out at various stages. The whole, made up of the input, the output and the coefficients, can be put into a system of equations such that from the high-level manpower plan we can deduce what must be the total capacity of the educational system, its structure and the kind of training it should provide. These relationships can be seen from perusal of the Schenkey diagram devised for the Hungarian educational system as long ago as 1962.<sup>1</sup>

In this model the input is something which cannot be altered, even over a period of 15 to 20 years. Starting from this datum, the output of the educational system will be determined—subject to certain restraints imposed by qualitative standards—by the coefficients for abandonment and successful completion of studies. These coefficients will depend, first, on the pressure of social and family attitudes towards continuation of studies and choice of career, and, secondly, on whether or not education is equally available to all. It would seem that changes in these coefficients can be forecast.<sup>2</sup> Hence we can plan for an optimum output and compare

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<sup>1</sup> See J. TIMÁR: “Interrelation between manpower needs and planning the development of the educational system”, in *Periodica Polytechnica* (Budapest), Vol. 7, No. 1, 1963. It is encouraging to observe that this method has lately been used in other countries too. See, for example, C. BOMBACH: “Forecasting requirements for highly qualified manpower as a basis for education policy” (Paris, Organisation for Economic Co-operation and Development, 12 Nov. 1965) (mimeographed).

<sup>2</sup> See J. TIMÁR and T. ERDÉSZ: “Le rôle du milieu social dans la poursuite des études et dans le choix des carrières des jeunes et ses conséquences sur la planification de l'éducation” (Paris, International Educational Planning Institute, 1967) (mimeographed).



this with the estimated high-level manpower requirements to be met by the educational system. Thus the relationship between the demand for high-level manpower and educational planning constitutes yet another over-all check of our plans.

The problems of educational planning are outside the scope of this article. All we need say in this connection is that educational planning offers a means of harmonising social and economic development on the one hand and education on the other; as such, apart from the contribution it makes to the high general and humanitarian aims of education, it plays a positive part in the development of human resources and in ensuring a balanced employment situation.

\* \* \*

Within the limits of this brief article we have endeavoured to summarise the methods used in Hungary for high-level manpower planning. Our account is far from complete, since the description of methodology it gives is accompanied by only a few words on the detailed techniques employed. It has not been possible to describe all that has been accomplished over a number of years by many experts using a variety of methods, or to give details of the doubts and uncertainties that arise in planning and of the problems that occur in the application of methods. Hence we would emphasise that in our view the planning system outlined above is but one of a number of possible systems. It has, however, proved its worth in practice and enabled us to draw some useful fundamental conclusions. Of course there is a sense in which the above qualifications are a confession of shortcomings in the art of planning. There can be no doubt that, as far as planning is concerned, we are still at the stage at which industry was before modern mass-production techniques were introduced. This is the first time that Hungary has devised a high-level manpower plan covering the whole of the economy, comprising all the main specialist occupations, and extending over a period of 20 years. We still lack information on what has been accomplished in this sphere in other countries. Certain information, certain kinds of knowledge, then, are lacking; we can only hope to acquire them by experience, by dint of repeating the same work all over again, correcting it in the light of practice, and trying to draw conclusions. There can be no doubt that in this field, as in others, an international exchange of information would be exceedingly useful for all concerned. Nevertheless, we believe that there is no single panacea for these difficulties; that every country will have to adapt the lessons learnt elsewhere to its own conditions, the existing state of its economy, and its prospects for development.

*(The appendices follow overleaf.)*

**Appendix I: Classification of high-level manpower by occupation and level of training**

**Group 1. Scientific and technical specialists**

**1.1 Graduate engineers**

- 1.1.01 Mechanical engineers
- 1.1.02 Electrical engineers (heavy current)
- 1.1.03 Electrical engineers (weak current)
- 1.1.04 Chemical engineers
- 1.1.05 Mining engineers
- 1.1.06 Metallurgical engineers
- 1.1.07 Architects
- 1.1.08 Building construction engineers
- 1.1.09 Communications engineers
- 1.1.10 Engineers (woodworking)
- 1.1.11 Physicists
- 1.1.12 Mathematicians
- 1.1.13 Biologists

**1.2 Non-graduate engineers**

- 1.2.01 Mechanical engineers
- 1.2.02 Electrical engineers (heavy current)
- 1.2.03 Electrical engineers (weak current)
- 1.2.04 Chemical engineers
- 1.2.05 Mining engineers
- 1.2.06 Metallurgical engineers
- 1.2.07 Architects
- 1.2.08 Building construction engineers
- 1.2.09 Communications engineers
- 1.2.10 Engineers (woodworking)
- 1.2.14 Textile engineers
- 1.2.15 Engineers (clothing and foot-wear)
- 1.2.16 Engineers (cellulose and paper)
- 1.2.17 Printing engineers
- 1.2.18 Telecommunication engineers
- 1.2.19 Engineers (building materials)
- 1.2.20 Engineers (food processing)

**1.3 Technicians**

- 1.3.01 Mechanical technicians
- 1.3.02 Electrical technicians (heavy current)
- 1.3.03 Electrical technicians (weak current)
- 1.3.04 Chemical technicians
- 1.3.05 Mining technicians

- 1.3.06 Metallurgical technicians
- 1.3.07 Architectural technicians
- 1.3.08 Building technicians
- 1.3.09 Communications technicians
- 1.3.10 Technicians (woodworking)
- 1.3.14 Technicians (textiles)
- 1.3.15 Technicians (clothing and foot-wear)
- 1.3.16 Technicians (cellulose and paper)
- 1.3.17 Technicians (printing)
- 1.3.18 Telecommunication technician
- 1.3.19 Technicians (building materials)
- 1.3.20 Technicians (food processing)

**Group 2. Agricultural specialists**

**2.1 Graduate agricultural engineers**

- 2.1.1 Agronomists
- 2.1.2 Horticultural engineers
- 2.1.3 Mechanical engineers
- 2.1.4 Forestry engineers
- 2.1.5 Veterinarians

**2.2 Non-graduate agricultural engineers**

- 2.2.1 Agronomists
- 2.2.2 Horticultural engineers
- 2.2.3 Mechanical engineers

**2.3 Agricultural technicians**

- 2.3.1 Agronomical technicians
- 2.3.2 Horticultural technicians
- 2.3.3 Mechanical technicians
- 2.3.4 Forestry technicians

**Group 3. Medical specialists**

**3.1 Graduate medical specialists**

- 3.1.1 Doctors
- 3.1.2 Dentists
- 3.1.3 Pharmacists

**3.2 Medical specialists with advanced vocational (but not university) training**

- 3.2.1 Pharmaceutical assistants
- 3.2.2 Public health inspectors
- 3.2.3 Chief nurses
- 3.2.4 Special assistants

## *High-Level Manpower Planning in Hungary*

### 3.3 Medical specialists with secondary education

- 3.3.1 Nurses
- 3.3.2 Midwives
- 3.3.3 Social welfare assistants
- 3.3.4 Dieticians
- 3.3.5 Therapists
- 3.3.6 Assistants
- 3.3.7 Children's nurses

### 3.4 Medical specialists with primary education

- 3.4.1 Assistant male nurses
- 3.4.2 Laboratory assistants
- 3.4.3 Student nurses
- 3.4.4 Masseurs

### Group 4. Teachers

#### 4.1 Secondary-school teachers

- 4.1.1 Secondary-school teachers (humanities)
- 4.1.2 Secondary-school teachers (sciences)

#### 4.2 Primary-school teachers

- 4.2.1 Primary-school teachers (humanities)
- 4.2.2 Primary-school teachers (sciences)

#### 4.3 Assistant primary-school teachers

#### 4.4 Nursery-school teachers

### Group 5. Jurists

### Group 6. Senior economic and managerial specialists <sup>1</sup>

#### 6.1 With university education

#### 6.2 With advanced (but not university) education

#### 6.3 With secondary education

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<sup>1</sup> Detailed occupational classification is in progress.

## **Appendix II: Principal sectors for planning purposes**

- 01. Extractive industries
- 02. Metallurgical industry
- 03. Machine-building industry
- 04. Electrical power industry
- 05. Building materials industry
- 06. Chemical industry
- 07. Wood industry (incl. furniture)
- 08. Paper industry
- 09. Printing industry
- 10. Textile industry
- 11. Clothing industry
- 12. Leather, fur and footwear industry

- 13. Miscellaneous industries
- 14. Food processing industry
- 15. Building industry
- 16. Transport industry
- 17. Posts and telecommunication
- 18. Internal trade
- 19. Foreign trade
- 20. Education
- 21. Basic scientific research
- 22. Agriculture
- 23. Government services
- 24. Miscellaneous



Appendix III: Setting up of a model self-contained lime works, 1980: specialist requirements

Field of activity →  Level of training and occupational group ↓		Research and development			Process planning					Production								Main-tenance		Manage-ment		TOTALS			
		Laboratory chief	Innovations officer	Laboratory assistant	Head, technical dept.	Production technologist	Production planning	Standards technologist	Work study expert	Head, production dept.	Head, quality control	Head, safety	Production controller	Quality control	Works manager	Works engineer	Works technician	Foreman	Head, maintenance	Power plant	Manager	Chief engineer	1960	1960	1980
Graduate engineers	Mechanical engineer (chemical industry)	{ 1960 1960 1980 }			1 1 1																	1 1 1	2	2	2
	Chemical engineer															1					1 1 1	1	1	2	
Engineers	Mechanical engineer (chemical industry)																		1				0	1	1
	Electrical engineer (heavy current)																		1	1			0	1	1
	Chemical engineer	1 1			1 1				1 1	1 1					1 1				1 2				0	1	2
	Mechanical engineer (mining industry)														1 1								0	1	5
Technicians	Mechanical technician	{ 1960 1960 1980 }	1															3 3 3	1				4	3	3
	Chemical technician			1 1 1										1 1 1									5	2	2
	Mechanical technician (mining industry)																						1	0	0
	Building materials technician			1 1 1			1 1 1	1 1 1				1 1 1	1 1 1	1 1 1									5	7	8
TOTALS . . .		{ 1960 1960 1980 }	1 1 1	1 1 1	0 1 1	0 1 1	1 1 1	0 1 1	1 1 1	0 1 1	1 1 1	1 1 1	1 2 2	2 2 2	0 0 1	1 1 1	3 3 3	0 1 1	1 1 2	1 1 1	1 1 1	18	23	26	

Note: In each case requirements are first given for 1960 (1960 = existing situation; 1960 = existing situation after remedial action) and then for 1980. For a recapitulation, see opposite page.

# High-Level Manpower Planning in Hungary

## RECAPITULATION OF REQUIREMENTS FOR MODEL LIME WORKS

	1960 <sup>1</sup>	1980
Production (tons) . . . . .	62 000	100 000
Number of specialists required—		
for model works . . . . .	23	26
per 10,000 tons produced . . . . .	3.71	2.6
Projected total production (tons) . .	173 000	820 000
Number of specialists required . . .	64	212
including: graduate engineers . . .	8	32
engineers . . . . .	22	73
technicians . . . . .	34	107
Ratio of engineers and technicians to graduate engineers . . . . .	6.7 : 1	5.5 : 1
Ratio of technicians to graduate en- gineers and engineers . . . . .	1.1 : 1	1.0 : 1

<sup>1</sup> After remedial action.

## Appendix IV: Stages in planning requirements for scientific and technical specialists

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|--|--|
| <ol style="list-style-type: none"> <li>1. Planning by industrial sectors</li> <li>2. Creation of a General Commissariat for planning requirements for engineers and technicians. Drafting of general rules for planning and planning methodology</li> <li>3. Organisation of 24 working parties; elaboration of methodology adapted to different sectors</li> <li>4. Studies of sectors and preparation of planning studies</li> <li>5. Check by the Planning Secretariat of studies prepared for the various sectors, with a view to their discussion by the experts</li> <li>6. Discussion by the experts of sector studies</li> <li>7. Revision of studies in the light of the experts' comments</li> <li>8. Summing and analysis of data in sector studies recommended for adoption</li> <li>9. Correction of distribution by "specific saturation" and level of training, based on an analysis of all data concerning sectors and on international comparisons</li> <li>10. Planning based on work done for sectors (<i>first variant</i>)</li> </ol> | <ol style="list-style-type: none"> <li>11. Long-term manpower balance-sheet</li> <li>12. Hypotheses of specifications per sector in the long-term manpower balance-sheet</li> <li>13. Check calculations to assess effects of changes introduced</li> <li>14. Preparation of employment variants B, C, D, and E</li> <li>15. Planning methodology for 24 sectors</li> <li>16. Needs for graduate engineers, engineers and technicians for 24 sectors in 1980</li> <li>17. Planning studies concerning needs for graduate engineers, engineers and technicians for 24 sectors in 1980, as recommended by the experts</li> <li>18. Requirements for graduate engineers, engineers and technicians in the national economy, 1980</li> <li>19. Distribution of scientific and technical staff by sector and level of training</li> <li>20. "Specific saturation" of scientific and technical staff by sector</li> <li>21. Distribution of graduate engineers, engineers and technicians by special field and sector</li> </ol> |
|--|--|

22. Total manpower in 1980, broken down into 24 sectors
23. Number of graduate engineers, engineers and technicians in 1980, by sector
24. Number of graduate engineers, engineers and technicians, 1980, by occupational group
25. Number of graduate engineers, engineers and technicians in 1980 under variants B and E of the employment plan, by sector
26. Number of graduate engineers, engineers and technicians in 1980 under variants B and E of the employment plan, by occupational group
27. Draft plan of scientific and technical manpower requirements in the national economy in 1980 (*fifth variant*)
28. Planning based on international comparisons (*second and fourth variants*)
29. International data
30. Total scientific and technical staff forecast, compared with total employment forecast
31. Average rate of increase in total number of scientific and technical staff
32. Trends in proportions of graduate engineers, engineers and technicians
33. Total numbers of scientific and technical staff per 1,000 persons employed
34. Distribution of scientific and technical staff by sector
35. Proportion of graduate engineers, engineers and technicians by sector
36. Amount of research needed by sector
37. Distribution of graduate engineers, engineers and technicians by sector
38. Proportion of graduate engineers, engineers and technicians in relation to total employment, by sector
39. Distribution of scientific and technical staff by occupation
40. Occupational structure of scientific and technical staff, by sector
41. Trends in proportion of scientific and technical staff
42. Extrapolation of trends for scientific and technical staff
43. Distribution of scientific and technical staff by level of training, 1963
44. Assumed changes in the proportion of technical and scientific staff who have not undergone formal technical training
45. Distribution by sector of scientific and technical staff who will finish their studies in 1965 and 1970
46. Number of scientific and technical staff in 1980, by sector, and total
47. Graduate engineers, engineers and technicians in 1980, by sector
48. Graduate engineers, engineers and technicians in 1980, by occupational group
49. National need for scientific and technical staff in 1980
50. Total scientific and technical staff
51. Distribution of total scientific and technical staff as between graduate engineers, engineers and technicians
52. Distribution of scientific and technical staff, by sector
53. Proportion of graduate engineers, engineers and technicians, by sector
54. Number of graduate engineers, engineers and technicians by sector, and their proportion in relation to total employment
55. Distribution of engineers by occupation
56. Planning based on trends in numbers of scientific and technical staff (*third variant*)
57. Scientific and technical staff in 1980, by sector
58. Total number of scientific and technical staff in 1980, by sector
59. Number of graduate engineers, engineers and technicians in 1980, by sector
60. Number of graduate engineers, engineers and technicians in 1980, by occupational group



# High-Level Manpower Planning in Hungary

## Appendix V: Phases in high-level manpower planning for agriculture

### A. Analytical examinations

#### CALCULATION OF STANDARDS FOR SECTORS AND FIELDS OF ACTIVITY

##### *Production*

Agronomy  
Horticulture  
Cattle-raising  
Fish-breeding  
Forestry  
Machine-repair stations  
Other special undertakings

##### *Ancillary services*

Maintenance, construction, investment  
Transport  
Maintenance and repair of machinery  
Technical development  
Research  
Management  
Training

#### FUNCTIONAL EXAMINATIONS

Irrigation  
Electrification  
Agricultural chemistry  
Management automation  
Special needs outside agriculture  
Consultations  
Special study of the tasks and fields  
of activity of the 200 main agri-  
cultural jobs  
Definition of the level of skills of  
technicians

### B. Synthetic verifications

Model undertakings  
Proportion of experts to workers  
Correlation calculations based on  
statistics for state farms  
Analysis of international compara-  
tive data

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# Minimum Wages in the Congo (Kinshasa)

J. P. ARLÈS <sup>1</sup>

UNDER AN ORDINANCE issued by the President of the Democratic Republic of the Congo to implement Legislative Ordinance No. 66-268/A dated 30 April 1966, national minimum wages were increased by 30 per cent. and family allowances by 100 per cent.<sup>2</sup>

These two basic documents established a new system of statutory minimum wage fixing in the Republic of the Congo (Kinshasa). An order issued on 7 May 1966 by the Minister of Labour and Social Welfare laid down minimum rates for wages and family allowances for the city of Kinshasa (formerly Leopoldville).<sup>3</sup> Further orders implementing the new legislation are to fix the rates for each of the 12 provinces.

These measures came into force as from 1 April 1966. Too little time has elapsed since then for us to say just how they have affected the economy as a whole and wage and salary earners in particular. The fact that this legislation is of such recent date is an *a priori* reason for exploring developments leading up to it; it is an equally good reason *a posteriori* because one realises that, far from creating a wage-fixing system out of nothing, the recent measures are the result—though not perhaps the culmination—of a long and interesting process, which falls into two main periods: before and after Congolese independence.

The first part of the present study sets out to analyse colonial legislation on minimum wages as administered until 1 May 1961 under the decree of 16 March 1922. The second part deals with the corresponding legislative provisions under the Democratic Republic of the Congo, starting with the legislative decree and ordinance of 1 February 1961, which gave rise to all manner of practical difficulties and were accordingly

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<sup>1</sup> International Labour Office.

This article is based on official documents, in particular an I.L.O. report prepared in 1966, and on information supplied by I.L.O. experts.

<sup>2</sup> Ordinance No. 66-268/B dated 30 April 1966.

<sup>3</sup> On 1 April 1966 various towns whose names were of European origin were renamed. Both forms will be given in the present article.

amended several times until they were ultimately replaced by the 1966 legislation. Particular consideration is given to their economic and social repercussions.

### **Colonial minimum wage legislation <sup>1</sup>**

#### **Paternalistic approach to minimum wages**

The first text embodying the principle of minimum wages was the decree of 16 March 1922 on the contract of employment <sup>2</sup>, section 11 of which empowered provincial governors to prescribe minimum rates within their own administrative areas. This permissive measure became mandatory under section 6 of the decree of 30 June 1954; it was only then that a statutory minimum wage became binding throughout the country.

The remaining important provisions governing methods of wage fixing are contained in an ordinance of 6 April 1946 setting up regional and provincial native labour and social progress boards (known as TEPSI boards), a royal decree of 19 July 1954 (consolidating the decrees of March 1922 and June 1954) amended by a decree of 10 June 1958, two ordinances dated 12 December 1954 and 24 August 1955 respectively, amended in 1956, and lastly an ordinance dated 23 January 1959.

These texts applied to any worker bound by a contract of employment <sup>3</sup>, which in practice covered all wage and salary earners in whatever economic branch. The wage-fixing machinery operated as follows: general guidelines were issued by the Governor-General. The provincial governors laid down minimum rates for each area within their respective provinces. The rates were fixed each year, the Governor-General issuing a circular at the end of the year setting out the bases on which rates were to be revised.

Provincial governors consulted the TEPSI boards before issuing the relevant orders. These boards were tripartite committees consisting of government officials and equal numbers of employers' and workers' representatives nominated by the provincial governor. They were responsible for watching the price movement of the items in a standard budget, and conditions on the employment market. The provincial governors' orders not only prescribed minimum wages proper, but also minimum rates for a worker's food ration and lodgings, the minimum remuneration thus being composed of three items.

(1) The minimum daily wage was defined by law as a sum sufficient to meet the requirements of a bachelor employee, such requirements.

<sup>1</sup> For this part of the article see I.L.O.: *Rapport sur les salaires dans la République du Congo* (mimeographed document O.I.T./T.F./Congo/R.1) (Geneva, 1960).

<sup>2</sup> See I.L.O.: *Legislative Series*, 1931—Bel. 4 B.

<sup>3</sup> The legislation differentiates between two types of employment contract: the "contrat de travail" applicable to Africans, and the "contrat d'emploi" applicable to non-Africans, and governed by a decree of 23 June 1949. In the present paper reference is always to the former type of contract.



being determined in accordance with local custom and, more particularly, according to the stage of development reached by the population. This was a basic wage determined by reference to a standard budget specified in an order issued by the Governor-General. The standard budget comprised miscellaneous articles and services (household equipment, bedding, clothing and entertainment). The requisite number of these items and their serviceable life were assessed, and the budget also made allowance for expenditure on taxation and a small proportion of savings (5 per cent. of the total budget).

The ability of marginal undertakings to pay was also taken into account.

An eight-hour day was assumed in the determination of wage rates, which were based on local consumer prices and differed from one province to another. The provinces themselves were each divided into a number of zones each with a different rate.

The rates were further differentiated according to whether they applied to light or heavy work (10 per cent. below or above the rate for normal work).<sup>1</sup> There were no differentiations on grounds of age or sex.

(2) The employer was bound to supply the employees with an adequate ration of wholesome food. A different ration was specified for each of the three work categories: light, normal, and heavy. Subject to the approval of the district commissioner, the employer was entitled to pay the worker a food allowance equal to not less than the retail price of the foodstuffs comprised in the ration.

(3) Accommodation was the third item in minimum remuneration. The decree of 1922 bound the employer to supply suitable lodging and sleeping equipment according to precisely defined standards. Here again the employer was at liberty to fulfil his part of the obligation by paying a lodging allowance, so calculated as to defray the lodging costs of a married worker at average prices for the region. As in the case of food, the employer could be compelled to fulfil his accommodation obligations in kind.

It is difficult to form a clear idea of the total minimum remuneration, because the zones differed so widely and in so many respects. In 1960 it lay somewhere between 18 and 22 francs a day in nearly 50 per cent. of the geographical zones, the lowest rate being 13.7 francs and the highest 45.2 francs.<sup>2</sup>

For similar reasons it is not altogether easy to determine the relative importance of each of the three constituent items in the total remuneration. In the words of an I.L.O. mission to the Congo: "Taking the Congo as a whole, the food ration and the lodging allowance represent roughly

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<sup>1</sup> Light work was defined as work requiring only slight physical exertion and no special skill or previous experience.

<sup>2</sup> See *Rapport sur les salaires* . . . , op. cit., p. 145.

33 and 12 per cent. of the minimum bachelor wage respectively. Thus for a family with two children that is in receipt of family allowances the daily minimum wage represents no more than 35 per cent. of the total minimum remuneration and family allowances combined".<sup>1</sup> Although remuneration was not automatically tied to the cost-of-living index, in fact the rate of remuneration was closely affected by fluctuations in the level of retail prices, since officials submitted annual price reports to the regional and provincial TEPSI boards. Acting on the recommendations of these boards the provincial governor was entitled to fix new rates for each item of remuneration.

The provisions governing minimum remuneration were a matter of public law; no exceptions were permitted either by means of individual contract or collective agreement. Supervisory powers were vested in labour inspectors, law officers and district officials.

The law made provision for the worker to recover sums due to him in case of underpayment, and also to sue for termination of contract.

Provincial governors' ordinances fixing minimum remuneration were first issued in 1946. The findings of the I.L.O. experts who visited the Congo in 1960 enable us to survey the development of the system, its practical application and economic and social repercussions.

### **Practical application of the minimum remuneration system up to independence**

The first point one notes is that the system was complicated and difficult to put into practice.

(1) The criterion of a standard budget, which is vague in itself and difficult to apply, did not in practice do all that was expected of it in determining minimum wages.<sup>2</sup> Although it was frequently discussed at length by the TEPSI boards, the discussions lacked the most elementary tool (a methodical study of employees' consumer habits); they side-stepped the real problem, for no one gave a moment's thought to "how keen employees really were to purchase a given article, or, supposing that they were, whether they were interested in obtaining the quantity and quality suggested" <sup>3</sup>; they were vitiated from the start by the fact that the government officials, who formed the predominant element on the boards, came to them with a preconceived idea of the wage rates to be applied.

In practice the minimum wage was determined to a much greater extent by the administration than by reference to the standard budget;

<sup>1</sup> *Rapport sur les salaires . . .*, op cit., p. 20.

<sup>2</sup> "When they were first introduced, minimum wage rates in some parts of the country were no more than 40 per cent. of what they would have been if calculated on the basis of the standard budget." (G. DUPRIEZ: "La rémunération minimum légale", in *Cahiers économiques et sociaux* (Leopoldville (Kinshasa), Université Lovanium), Vol. III, No. 4, Dec. 1965, p. 455.)

<sup>3</sup> See *Rapports sur les salaires . . .*, op. cit., p. 49.

it was influenced primarily by official wishes to improve the wage earners' living conditions. Occasionally, in certain circumstances and areas, these wishes were modified by pressure either from employers' organisations or from workers' organisations in so far as the latter were sufficiently strong and representative.

Indeed it was under the combined impetus of the workers' organisations and the desire of the administration to raise minimum wages that the criterion of a standard budget developed: there was a move away from the idea of a "bachelor budget" to that of a "family budget" calculated in the light of the requirements of a married employee (ordinance of 8 October 1966). The Governor-General encouraged provincial governors to draw up budgets on these lines; it was not yet a fully accepted formula, but the objective was to steer minimum wages toward the sum represented by the family budget, also known as "ideal budget". From reports submitted to the I.L.O. on the application of the Minimum Wage-Fixing Machinery Convention, 1928, it is clear that from 1957 onwards provincial governors were fixing minimum rates on that basis.

(2) The workers' minimum remuneration, comprising payment in cash and payment totally or partially in kind, was itself a complicating factor. The system of "paternalistic protection" was based on the idea that the lowest-paid worker was incapable of doing the simple sums necessary to manage his budget. When the "comprehensive wage" was introduced (entitling the employer to include the minimum daily wage and the food allowance in a single monthly payment but retaining the lodging allowance as an additional item), it was applied—not unnaturally—only to "the more advanced employees. . . [who] in practice already earn relatively high wages".<sup>1</sup>

The I.L.O. expert mission to the Congo proposed that, in future, remuneration should not be itemised, partly as a measure of simplification but also in order to "induce in the employees a greater awareness of the value of personal effort in their work".<sup>2</sup>

This proposal was in line with developments that had begun in 1958-59 with the approval of all the parties (administration, employers and workers). The fact was that (a) employers were paying the workers their food and lodging allowances less and less in kind and increasingly in the form of cash equivalents<sup>3</sup>; and (b) the system of a comprehensive wage, hitherto regarded as an exception in minimum wage fixing, became widespread from 1958 onwards.<sup>4</sup>

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<sup>1</sup> Letter from the Governor-General dated 1 September 1958.

<sup>2</sup> See *Rapport sur les salaires* . . . , op. cit., p. 62.

<sup>3</sup> The I.L.O. mission noted that "by the beginning of 1959, it could be reckoned that no more than 25 per cent. of the wage earners working in establishments inspected by Ministry of Labour officials were in receipt of a food allowance in kind". See *Rapport sur les salaires* . . . , op. cit., p. 17.

<sup>4</sup> *Ibid.*, pp. 20-21.



# Minimum Wages in the Congo (Kinshasa)

When the Government decided to raise the total minimum remuneration by 30 per cent. on 7 July 1960 it was stipulated that the increase should be incorporated in the wage proper, whether or not the two allowances (for food and lodging) were paid in kind.<sup>1</sup>

The changing ratios of the three constituent items of remuneration, shown in table I, bring out the increasing importance attached to the wage proper.

TABLE I. RELATIVE IMPORTANCE OF THE THREE ELEMENTS  
IN MINIMUM REMUNERATION, 1956 AND 1960  
(Percentages)

Province and zone	1956				1960			
	Total remuneration	Wage	Food ration	Lodging	Total remuneration	Wage	Food ration	Lodging
Leopoldville:								
Leopoldville (Kinshasa) . . .	100	48.7	39.7	11.6	100	54.9	29.2	15.9
interior . . . . .	100	56.0	40.0	4.0	100	58.9	32.4	8.7
Equateur:								
Coquilhatville (Mbandaka) . .	100	44.6	44.6	10.8	100	49.3	39.3	11.4
interior . . . . .	100	57.3	35.6	7.1	100	61.2	26.5	12.3
Orientale:								
Stanleyville (Kisangani) . . .	100	48.6	40.6	10.8	100	48.0	36.4	15.6
interior . . . . .	100	59.4	34.3	6.4	100	56.9	35.9	7.2
Kivu:								
Bukavu . . . . .	100	41.5	45.2	13.3	100	48.1	32.6	19.3
interior . . . . .	100	61.2	35.9	2.9	100	62.1	35.0	2.9
Katanga:								
Elisabethville (Lubumbashi) . .	100	44.3	44.1	11.6	100	48.8	31.9	19.3
interior . . . . .	100	51.1	41.7	7.2	100	54.3	34.8	10.9
Kasaï:								
Luluabourg . . . . .	100	46.9	43.7	9.4	100	53.9	33.8	12.3
interior . . . . .	100	52.1	43.2	4.7	100	62.5	31.8	5.7

Source: I.L.O.: *Rapport sur les salaires dans la République du Congo* (mimeographed document O.I.T./T.F./Congo/R.1) (Geneva, 1960), p. 135.

It will be noted that with the exception of Orientale province the proportion of total remuneration represented by the wage proper was on the increase.

<sup>1</sup> See DUPRIEZ, op. cit., p. 457.

Whenever remuneration is composed of a wage and other items, it is important that the percentage represented by the latter should be low; otherwise the link between a worker's wage and his productivity may become too tenuous and the system of incentives ineffective.

(3) Other unsatisfactory features were the way the advisory bodies worked and the unrepresentativeness of their members. The TEPSI boards did play an important part but not in their character of joint bodies. They were already losing their influence when the I.L.O. expert mission arrived in the Congo at the beginning of 1960.<sup>1</sup> This was mainly due to their complex organisation and to their membership.

One regional board had been set up in each district and one provincial board in each province. In practice this resulted in a good deal of overlap as to both responsibilities and personnel.

As for the membership of the TEPSI boards, its weakness lay in the disproportionate number of officials and in the fact that the worker members were not sufficiently representative.

On the provincial boards it was by no means rare to see a dozen officials seated with eight or nine employers' and workers' representatives. The latter were chosen by the governor, and while the employer members may well have been representative, this could not be said of the worker members.

In this connection the I.L.O. mission noted that "the workers seem for the most part to have been dignitaries and relatively well-paid office and clerical staff, not infrequently seated opposite their own employers, at least on the regional boards".<sup>2</sup> The trade unions, which were not officially recognised until 1957, were represented belatedly and even then in symbolic fashion only.

At the National Labour Conference held on 15 February 1960 employers and workers agreed that the TEPSI boards should gradually disappear and that, in the interim, the working methods and representativity of the board members should be reformed; they felt that the boards were not the ideal instrument for determining minimum wage rates.<sup>3</sup>

(4) Enforcement was further hampered by the unwieldy and complex system of rates. According to the table showing changes in rates from 1956 to 1960<sup>4</sup>, on 1 January 1960 there were more than one hundred different minimum remuneration rates in force in 257 geographical zones. In many cases the span was fairly slight: for example, as will be seen from the table below<sup>5</sup>, in nearly 50 per cent. of the zones concerned the rate lay between 18 and 22 francs.

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<sup>1</sup> See *Rapport sur les salaires . . .*, op. cit., p. 67.

<sup>2</sup> Ibid., p. 187.

<sup>3</sup> Ibid., p. 188.

<sup>4</sup> Ibid., Appendix II, p. 123.

<sup>5</sup> Ibid., p. 145.

## Minimum Wages in the Congo (Kinshasa)

Total minimum remuneration rate	Percentage of geographical zones operating the rate
(On 1 January 1960)	
Under 18 francs . . . . .	19
18-22 francs . . . . .	47
22-26 francs . . . . .	17
26-30 francs . . . . .	11
Over 30 francs . . . . .	6

It may be added that in 34 per cent. of the zones the rate lay between 19 and 21 francs <sup>1</sup> and that in the large urban areas and industrial centres minimum levels were substantially higher—between 35 and 45 francs.<sup>2</sup>

The whole system was illogical; there were a great many very minor variations not to be accounted for by economic or social differences but due rather to imperfect co-ordination between the authorities at the national and provincial levels. Even where total remuneration was identical, wide divergences existed between the relative importance of the three constituent items (wage proper, food allowance, and lodging allowance). The I.L.O. mission laid particular stress on the need to streamline the system.

Although the differentials related to geographical considerations were extremely numerous, they were applied to all workers, irrespective of age, sex, qualifications, or branch of activity. As mentioned earlier, the only difference made was a very slight one as between the rates for light and heavy work respectively. In practice the rates for light work were applied to women and young workers. The I.L.O. experts held the smallness of the differential (10 per cent.) responsible for worsening the unemployment situation among young people: since the difference between their wages and those of adult workers was too slight to compensate for their lower output, the employers had no incentive to engage young workers.

### Effects of the system of minimum remuneration up to independence

#### THE WAGES EARNERS' STANDARD OF LIVING

Given the inadequacy of the statistical information available, it is by no means easy to trace the movement of minimum wage rates. However, the following useful pointers emerge from the surveys carried out by the I.L.O. experts when they visited the Congo: taking 1950=100, by 1959 the index of minimum wages had risen to 200 in rural and 250 in

<sup>1</sup> See *Rapport sur les salaires* . . . , Appendix II, p. 19.

<sup>2</sup> See DUPRIEZ, *op. cit.*, p. 456.



urban zones; farmers' incomes (at current prices) had risen to 140, and the consumer price index to 124.<sup>1</sup>

These upward trends resulted in a fairly rapid rise in the living standard of workers earning the minimum rate: in 1950 in the rural areas their incomes were about half that of a farmer who was head of a household; in 1960 the I.L.O. experts noted that the average yearly income of a labourer in receipt all the year round (275 working days) of the minimum remuneration and family allowances amounted to roughly 6,000 francs, which came very close to that enjoyed by a self-employed farmer.<sup>2</sup> The experts accordingly concluded that "if successive increases in minimum wages were designed to enable the wage earner to maintain his family in no less comfort than a village family, that objective may be said to have been attained".<sup>3</sup>

The urban wage earner was still better off, since minimum wage rates went up by 150 per cent. between 1950 and 1960 as against only 100 per cent. in the rural areas.

Real wages and incomes are impossible to calculate, and the price index quoted is only provided for illustrative purposes; because of its limited application it can hardly be considered valid for the rural areas.

#### MINIMUM WAGES, ACTUAL WAGES AND THE WAGE STRUCTURE

Reports by the labour inspectorate show that in 1959 the daily wages paid to almost half of all the workers were not more than 10 per cent. higher than the minimum daily wage rate for a standard worker.<sup>4</sup> Actual wages in fact "showed a marked tendency to hover near the official rate".<sup>5</sup>

In some areas, particularly those where there were plantations, the two rates practically coincided: minimum wages were in fact actually paid.<sup>6</sup> Elsewhere the differences between the two rates were generally very small.

This emerges clearly from the figures given below, despite the sparse and vague nature of the data. Average monthly wages in 1959 were as follows: <sup>7</sup>

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<sup>1</sup> See *Rapport sur les salaires* . . . , op. cit., p. 149 (rural zones), p. 147 (urban zones), p. 147 (farmers' income), and p. 22 (consumer prices, the index being the one used to adjust the wages of established public service employees).

<sup>2</sup> Ibid., pp. 140, 145 and 147.

<sup>3</sup> Ibid., p. 148.

<sup>4</sup> Ibid., p. 23.

<sup>5</sup> See DUPRIEZ, op. cit., p. 456.

<sup>6</sup> See *Rapport sur les salaires* . . . , op. cit., p. 23.

<sup>7</sup> Wages estimated on the basis of contributions to the Workers' Pension Fund in February 1959. See *ibid.*, pp. 148-149.

## *Minimum Wages in the Congo (Kinshasa)*

Branch of activity	Average monthly wage (francs)
Agriculture . . . . .	598
Preparation and processing of food- stuffs . . . . .	893
Mines . . . . .	971
Commerce . . . . .	952
Construction . . . . .	920
Textiles . . . . .	1 059
Transport . . . . .	1 236
<b>Over-all average . . . . .</b>	<b>901</b>
<i>Average excluding agriculture . . .</i>	<i>1 010</i>

Minimum total monthly remuneration at that period ranged between 303 and 1,023 francs.<sup>1</sup> It would be fair to say that, at a rough estimate, in the rural areas in 1960 the minimum daily rate of 18 to 20 francs corresponded to an average monthly wage of about 475 francs for 25 working days and an income of about 550 francs, counting family allowances (3 francs per day per child). Rates paid in urban zones were for the most part 50 to 150 per cent. higher than those in rural zones, ranging between 700 and 1,200 francs.

The movement of minimum wages and that of actual wages can be compared by looking at the following indices for 1958, which are based on the report of the I.L.O. mission to the Congo: taking 1950=100, the index of minimum wages was 200 for rural and 250 for urban zones; on the same basis the index of actual wages, measured in terms of labour costs per worker in firms employing more than 500 persons, was 243, whereas the index of annual earnings per employee, calculated on the basis of the proportion of the national income represented by wages, was 238.

Actual wages follow a pattern similar to that of minimum wages, and the I.L.O. experts noted that the former responded to changes in the latter. They also noted that increases in minimum rates even had an impact on the wages paid by firms that habitually applied appreciably higher rates<sup>2</sup>; a further point noted was that even if other factors could in theory account for the upward trend of wages in relation to national income—showing a 138 per cent. increase in average annual earnings per worker between 1950 and 1958—in practice the main reason for it seems to have been the improvement in minimum rates.<sup>3</sup>

The impact of the minimum wage rate on the general wage level was largely determined by the extent of the gap between the two, and the same was therefore also true of the Government's intervention in the preparation and application of wage policies.

<sup>1</sup> See *Rapport sur les salaires . . .*, op.cit., p. 43.

<sup>2</sup> Ibid., pp. 22-23.

<sup>3</sup> Ibid., p. 150.

When the two levels were very close to each other the slightest change in the statutory minimum rate affected a large proportion of the wage earners and triggered off a series of changes in actual wages; to use a metaphor, a "domino effect" may be said to have operated. This converted the minimum wage into a basic wage, which served as a point of departure for the calculation of wage levels and structure. Since the Government was empowered to fix and alter minimum rates, it was able to control the movement of wages as a whole.

The minimum wage was the keystone of wages policy in the Congo. Since it was based on a paternalistic concept (criterion of the "standard budget", and splitting of remuneration into three elements), which concealed from the worker the link between his output and his pay, it was largely responsible for the irrational and uneconomic wage structure.

The result was that differences in levels of skill, responsibility and output were not adequately reflected in the wage scale. There was no incentive for workers at the bottom of the scale to increase their productivity or to acquire fresh skills, since their extra effort would go unrewarded.

A minimum wage based on economic criteria, applying only to the least skilled and least privileged workers, and pitched further from the general wage level, would have given employers greater latitude in the remuneration of varying degrees of output, responsibility and skill.

Not only were the official minimum wages responsible for an uneconomic occupational wage structure; they also gave rise to an uneconomic geographical structure. Thus in 1958 the total annual income of an adult male worker in the traditional agricultural sector was assessed at not far short of 6,000 francs, whereas the average income of a salaried employee or manual worker was 12,790 francs. This difference was largely due to the higher minimum wage rates in force in the urban zones.<sup>1</sup> The highest urban minimum wage rate was 2.5 times greater than the lowest rural wage in the province of Leopoldville (Kinshasa) but it was only 1.5 times greater in Equateur province.<sup>2</sup> This system encouraged migration from the rural areas. The influx of workers into the towns outran the numbers of vacancies, and the problem was aggravated by the fact that these workers had neither the skills nor the work habits that they needed if they were to adapt themselves to an urban and industrial environment.

## **Minimum wage legislation in the Democratic Republic of the Congo**

### **Legislation from 1961 to 1966**

With the advent of independence new social legislation came into force, which had as its prime object the complete abolition of racial

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<sup>1</sup> See *Rapport sur les salaires* . . . , op. cit., p. 149.

<sup>2</sup> *Ibid.*, p. 148.



discrimination in the field of employment relationships. Such was the spirit of the legislative decree respecting contracts for the hire of services, dated 1 February 1961<sup>1</sup>, which abrogated the two previous decrees on the same subject (the decree of 25 June 1949, which applied only to foreign citizens, and the decree of 19 July 1954, which applied to Natives of the Congo). The new laws were drafted by experts and were thoroughly thrashed out by an advisory committee on labour questions, which was a tripartite body composed of representatives of government, employers and workers.

Turning to section 35 of the legislative decree and its supplementary ordinance (No. 5 dated 1 February 1961) making provision for the implementation of the decree, we find it stipulated that the amount of the remuneration was to be freely determined by the parties but that such remuneration was to be not less than the fixed minimum rate.

Section 10 of the ordinance specified the methods and criteria to be applied in determining the minimum wage. Minimum wages were fixed by the provincial government on the recommendation of the TEPSI board. The statutory minimum wage of an ordinary labourer was designed to cover (i) the minimum needs of a household comprising two persons; (ii) the elements of a wholesome diet for two persons; and (iii) suitable housing.

Rates were adapted to the varying skills of the workers, who were graded as follows: (i) labourers; (ii) semi-skilled; and (iii) skilled. The differentials were carefully laid down, the statutory rates for semi-skilled and skilled workers being respectively 150 and 200 per cent. of that for labourers.

The practice of grading wages was introduced to put a stop to the previous practice of paying a labourer's wage to a semi-skilled, or even a skilled worker, if he was the head of a household and in receipt of a family allowance.<sup>2</sup>

The new legislation retained the distinction between light and heavy work and variations in regional rates; however, henceforward governors were entitled to fix no more than four wage rates for ordinary labourers throughout their province. As there were at that time six provinces, this imposed an upper limit of 24 rates.

Special rates were laid down for young workers: for those aged 14 to 16 years the minimum was fixed at 60 per cent. of the minimum rate for labourers doing light work, and for those aged 16 to 18 years at 80 per cent.

The explanatory report on the decree of 1 February 1961 recognised that "it is in the interests of progress and simplification to fix a com-

<sup>1</sup> I.L.O.: *Legislative Series*, 1961—Congo (Leo.) 1.

<sup>2</sup> See A. DOUCY: *Matériaux pour servir à l'étude des aspects économiques et sociaux de neuf provinces de la République du Congo (anciennes Provinces de Léopoldville, de l'Equateur et orientale)* (dossier établi à la demande du B.I.T.) (Brussels, 1963), p. 212.

prehensive remuneration". This meant the end of the breakdown of remuneration into three separate items and was in conformity with the wishes of employers and employees alike.

Section 37 of the decree accordingly stipulated that remuneration should be paid in cash; the food ration should be paid in kind in exceptional cases only, subject to the worker's consent and as prescribed by the provincial government; the employer might discharge his liability in respect of the third item of remuneration by supplying housing of a specified standard. In all cases where such allowances were paid in kind, the equivalent value as fixed by the competent provincial authority was to be deducted from the remuneration.

In addition, the new legislation improved on existing arrangements for enforcement and for penalties in the event of contraventions. The decree imposed a liability on employers to keep a pay register for each worker, to be checked and initialled by the labour inspector; contraventions of its provisions were made punishable by fines.

#### PRACTICAL DIFFICULTIES

Section 10 of the ordinance of 1 February 1961 immediately aroused the opposition of the employers' representatives, in whose eyes the grading system was oversimplified and the three categories were "too far apart". Employers found that their wages bills grew much heavier just when the country's economy was taking an upward turn<sup>1</sup>; the ordinance itself was to be suspended only a few months after it had come into force; as for section 10, it was to be repeatedly amended.

The "chequered history" of section 10 is worth retracing because of the light it throws on an important development: although the notion of strict central control underlay their initial wages policy, the legislators were led bit by bit to adopt more liberal ideas and gradually to reduce government intervention in this sphere.<sup>2</sup>

In brief, the main legislative landmarks of this sequence of events were as follows:

(1) Ordinance No. 46 of 7 July 1961, section 1, amended section 10 of the February ordinance: it prescribed that provincial governments should no longer fix minimum daily remuneration except for "ordinary workers"; in other words, rate-fixing for semi-skilled and skilled workers was abandoned. Section 2 suspended section 10 as amended, and section 3 ordered a general 30 per cent. increase in minimum total remuneration for an interim period.

(2) Ordinance No. 88 of 22 April 1963 repealed the previous ordinance and then went on to re-enact almost the same provisions with

<sup>1</sup> See DOUCY, *op. cit.*, pp. 209-210.

<sup>2</sup> See G. DUPRIEZ: "La législation congolaise du travail, facteur de paix sociale?", in *Cahiers économiques et sociaux*, Vol. II, No. 4, Dec. 1964, p. 354.

one simplification, however, namely that the number of rates was now to be restricted to three per province. This simplification was more than offset by the new division of the territory into 21 provinces instead of the previous six. In addition, it authorised an increase in total remuneration, not exceeding 25 per cent.

(3) Ordinance No. 275 of 26 November 1963 abolished the distinction between light, ordinary and heavy work hitherto used in the grading of labourers and authorised a fresh increase, again not exceeding 25 per cent.

(4) Ordinance No. 106 of 23 April 1964, the most important provision of which was a general occupational classification, contained a new version of section 10.

The competence of the provincial authorities in minimum wage fixing, which had hitherto held the field alone, would appear to have been considerably reduced by section 1, paragraph 1, which confines it "within the limits laid down by the Minister of Labour".

This was accompanied by the abandonment of the "standard budget" as a basis for minimum wage fixing—giving official sanction to a *de facto* situation; as already noted, on two occasions general uniform increases had already been unilaterally decided. Since the TEPSI boards had already been abolished, all that remained until 1966 of the minimum wage fixing system was a temporary arrangement whereby a generally applicable minimum wage could be fixed within limits prescribed by the central authority.

#### MINIMUM WAGES AND ACTUAL WAGES FROM 1960 TO 1966

Table II gives the movements of minimum remuneration rates between June 1960 and April 1966 in the various provinces of the Congo; it reflects the new administrative pattern of the territory and shows two rates for each province: the highest rate (applied in the chief town of the province) and the lowest rate (applied in rural zones).

We have already noted that until 1960 the level of wages actually paid kept very close to that of minimum wages. It emerges from the study by G. Dupriez that this parallel development continued up to the middle of 1964 but that "after mid-1964 and during 1965 trade union pressure caused undertakings gradually to readjust the wages they actually paid their staff".<sup>1</sup>

This assertion can be verified in respect of Leopoldville (Kinshasa) (see table III). A series of statistics on hourly wages in selected occupations in 1965 is available and this can be compared with figures for minimum wages. The minimum rate in force for that year is known to have been 133 francs per day; since under Congolese law minimum

<sup>1</sup> See DUPRIEZ: "La rémunération minimum légale", *op. cit.*, p. 461.



TABLE II. MINIMUM DAILY REMUNERATION RATES FOR ORDINARY  
LABOURERS BY PROVINCE, JUNE 1960 TO APRIL 1966  
(*Francs*)

Province and zone	June 1960	July 1960	July 1961	Apr. 1963	Oct. 1963	Apr. 1966
City of Leopoldville (Kinshasa)	45.20	58.50	85	106	133	173
Kongo-Central:						
Matadi . . . . .	34.90	45.35	67	84	93	130
Provincial minimum . . .	22.60	30	45	56	71	94
Bandundu <sup>1</sup> :						
Kikwit . . . . .	22.80	29.65	43	54	68	94
Provincial minimum . . .	17.20	22.35	34	43	54	69
Sud-Katanga <sup>2</sup> :						
Elisabethville (Lubumbashi)	38.90	45	57	98	123	173
Provincial minimum . . .	23.30	30	37	68	85	130
Kasai-Occidental <sup>3</sup> :						
Luluabourg . . . . .	26	—	50	63	79	109
Provincial minimum . . .	17.60	—	33	41	61	81
Sud-Kivu <sup>4</sup> :						
Bukavu . . . . .	27	35	51	64	80	109
Provincial minimum . . .	14.10	18.10	27	34	42	69
Nord-Kivu:						
Goma . . . . .	23.70	31.20	45	56	70	84
Provincial minimum . . .	13.70	17.70	24	33	41	69
Nord-Katanga:						
Albertville . . . . .	28.60	35.50	44	70	88	109
Provincial minimum . . .	23	30	37	54	70	94
Kasai-Oriental <sup>5</sup> :						
Port Francqui (M'Buji-Mayi)	20.20	—	—	82	82	109
Provincial minimum . . .	14.30	—	19.20	29	39	81
Haut-Congo:						
Stanleyville (Kisangani) . .	38.50	50	54	93	116	151
Provincial minimum . . .	19.80	25.80	27.56	47	59	81
Uélé:						
Paulis (Isiro) . . . . .	25	32.40	34.60	59	74	94
Provincial minimum . . .	18.60	24.20	25.72	44	55	69
Equateur <sup>6</sup> :						
Coquilhatville (Mbandaka) .	26.40	—	69	86	95	130
Provincial minimum . . .	18.40	—	34	49	58	81
Kibali-Ituri:						
Bunia . . . . .	22.70	29.60	31.64	53.95	67	94
Provincial minimum . . .	16.30	21.20	22.76	39	45	69

Source: Based on figures supplied by an I.L.O. expert in Kinshasa, June 1966.

<sup>1</sup> Combining the former provinces of Lac Léopold II, Kwilu and Kwango. <sup>2</sup> Combining the former provinces of Katanga-Oriental and Lualaba. <sup>3</sup> Combining the former provinces of Sankuru, Luluabourg and Unité Kasaienne. <sup>4</sup> Combining the former provinces of Maniema and Kivu-Central. <sup>5</sup> Combining the former provinces of Lomani and Sud Kasai. <sup>6</sup> Combining the former provinces of Ubangi, Moyen-Congo and the Cuvette centrale.

## *Minimum Wages in the Congo (Kinshasa)*

TABLE III. HOURLY WAGES OF ADULT WAGE EARNERS IN SELECTED  
OCCUPATIONS AND THEIR RELATION TO THE STATUTORY MINIMUM WAGE,  
LEOPOLDVILLE (KINSHASA), OCTOBER 1965

Branch and occupation	Average hourly rate	
	In francs	As a percentage of minimum rate
<i>Textiles :</i>		
Spinners (male) . . . . .	22.50	135
Labourers . . . . .	20.00	120
<i>Furniture :</i>		
Cabinet-makers . . . . .	33.00	198
<i>Machine manufacture :</i>		
Fitters . . . . .	60.00	361
Labourers . . . . .	24.60	148
<i>Construction :</i>		
Plumbers . . . . .	26.00	156
Labourers . . . . .	19.00	114
<i>Transport :</i>		
Drivers . . . . .	32.50	195
<i>Municipal services :</i>		
Labourers . . . . .	22.00	132

Source: Figures for average hourly wage rates are taken from *Bulletin of Labour Statistics* (Geneva, I.L.O.), 1966, 2nd quarter, results of the inquiry of October 1965, Part I, p. 97.

remuneration relates to an eight-hour working day, the minimum hourly rate must have been 16.62 francs.

Before commenting on table III, it is fair to call attention to one point which detracts from the comparison: this is the fact that whereas the statutory remuneration for labourers relates to labourers in category 1, grade 1, the figures given in the results of the October Inquiry fail to show which category is meant.<sup>1</sup>

Apart from this, the range of wages gives every appearance of widening. In the first place, at the bottom of the scale the average rate for labourers in several industries seems to break away fairly sharply from the statutory minimum rate: in the construction sector it is 14 per cent. higher; in textiles, 20 per cent.; in municipal services, 32 per cent.; and in machine manufacture, 48 per cent. In the second place, the wage

<sup>1</sup> Ordinance No. 106 dated 23 July 1964, which instituted the general job classification, made the following distinctions:

- Category I: labourer (two grades): 1. ordinary labourer  
2. heavy labourer
- „ II: specialised labourer
- „ III: semi-skilled worker (three grades)
- „ IV: skilled worker (two grades)
- „ V: highly skilled worker.

structure comes closer to reflecting variations in skill; the average wage rate is 150 per cent. of the statutory minimum rate in the case of plumbers, almost 200 per cent. in the case of drivers and cabinet-makers, and as much as 360 per cent. in the case of fitters.

Lack of data makes it impossible to extrapolate for other parts of the country. The study by G. Dupriez pointed out that the upward movement of wages actually paid occurred "imperceptibly" in Leopoldville (Kinshasa), "more suddenly" in Elisabethville (Lubumbashi) and in the rest of Katanga, and "belatedly and only partially" in other parts of the country.<sup>1</sup>

TABLE IV. MINIMUM NOMINAL AND REAL WAGES FOR AN UNMARRIED WORKER IN TSHELA (MAYUMHE), KONGO-CENTRAL, JUNE 1960 TO DECEMBER 1965

Year and month <sup>1</sup>	Price index <sup>2</sup>	Nominal wage		Real wage index
		Francs per month	Index	
1960: June . . . . .	100	620	100	100
July . . . . .	100	806	130	130
Dec. . . . .	118	—	—	110
1961: June . . . . .	149	—	—	87
July . . . . .	149	1 274	205	138
Sep. . . . .	153	—	—	134
Dec. . . . .	166	—	—	123
1962: Mar. . . . .	184	—	—	111
May . . . . .	204	—	—	100
Oct. . . . .	211	—	—	97
Dec. . . . .	224	—	—	92
1963: Mar. . . . .	263	—	—	78
June . . . . .	291	1 586	256	88
Sep. . . . .	292	—	—	88
Dec. . . . .	340	2 054	331	97
1964: Mar. . . . .	448	—	—	74
June . . . . .	505	—	—	66
Sep. . . . .	440	—	—	75
Dec. . . . .	409	—	—	81
1965: Mar. . . . .	431	—	—	77
June . . . . .	447	—	—	74
Sep. . . . .	458	—	—	72
Dec. . . . .	470	—	—	70

Sources: DUPRIEZ: "La rémunération minimum légale", op. cit., p. 467; and "Index des prix de détail à Kinshasa, Elisabethville et Tshela, 1964-66", in *Cahiers économiques et sociaux*, Vol. IV, No. 3, Oct. 1966, p. 370.

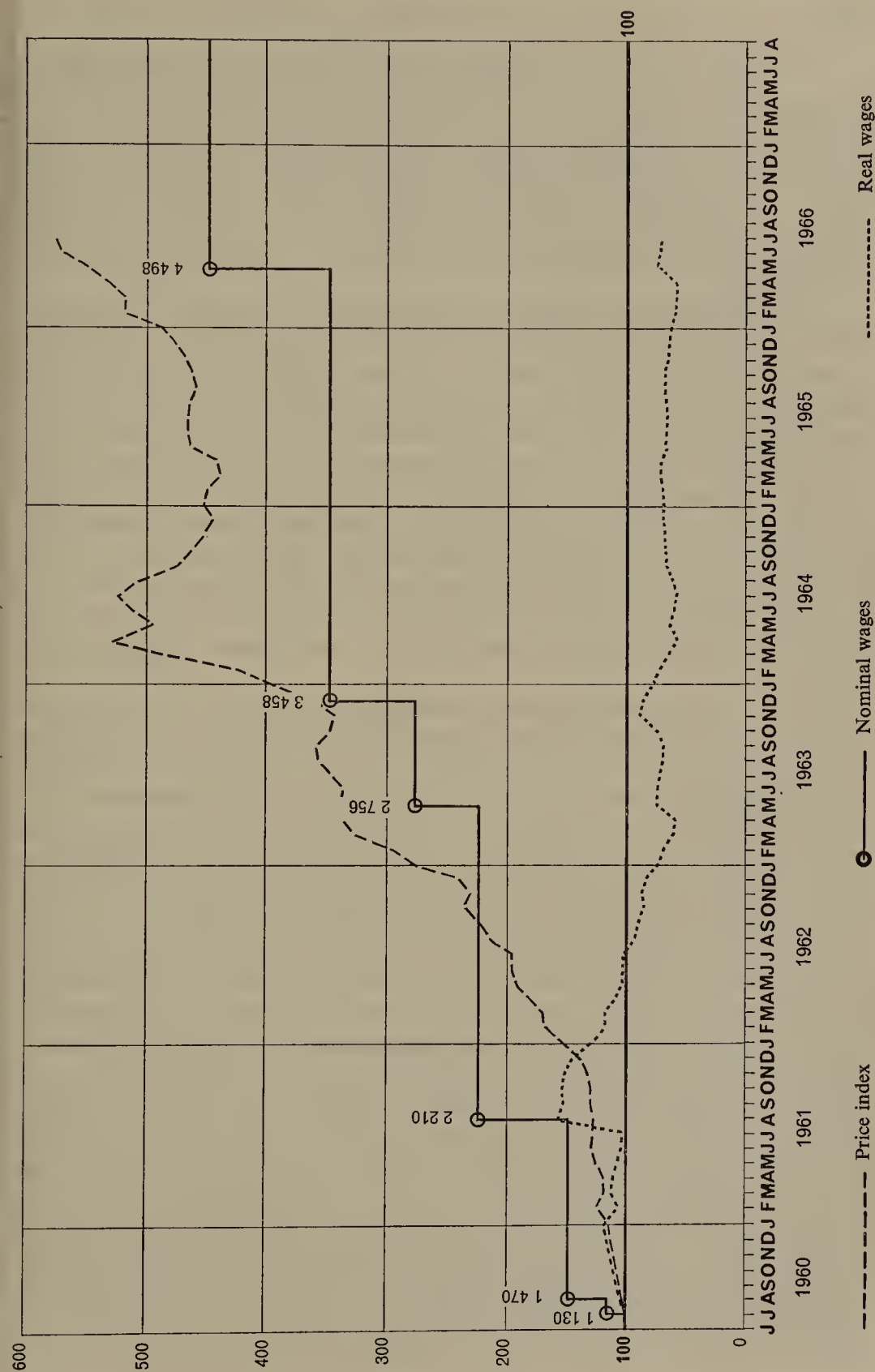
<sup>1</sup> The months included in the table are those for which price data were available; it follows that increases in income are not always shown against the month from which they became effective.

<sup>2</sup> The price index is based on prices paid by the workers in a large agricultural company, these being the controlled prices charged in company stores.

<sup>1</sup> See DUPRIEZ: "La rémunération minimum légale", op. cit., p. 461.



### *Minimum Wages in the Congo (Kinshasa)*



Sources: G. DUPRIEZ: "La rémunération minimum légale", op. cit., p. 464; and "Index des prix de détail à Kinshasa, Elisabethville et Tshela, 1964-66", in *Cahiers économiques et sociaux*, Vol. IV, No. 3, Oct. 1966, p. 370.

Note: The price index is an unweighted index of prices in markets; it is regarded as typical of the trend in uncontrolled prices; it covers a wide range of food items and semi-durables.

PURCHASING POWER OF THE MINIMUM WAGE FROM 1960 TO 1966

A complete survey of changes in real minimum wages throughout the Congo is impossible in the absence of reliable information covering the country as a whole. The trends described below relate only to minimum remuneration and prices in Kinshasa (Leopoldville) and Tshela in Kongo-Central. In the diagram and table IV daily rates of remuneration have been converted into monthly rates by multiplying them by 26 (since 1 February 1961 each month has included 26 paid days compared with 25 previously).

The diagram and table IV show that the 30 per cent. increase in minimum rates prescribed by the Congolese Government as a general measure just after independence was accompanied by a real increase in the labourer's purchasing power. This state of affairs held good for some time though it deteriorated little by little as prices rose. It lasted longer in Leopoldville (Kinshasa) than in Tshela: by June 1961 the price index in the former had risen by only 27 per cent., whereas in Tshela it had gone up by 49 per cent. The fact that improved purchasing power persisted for as long as it did is due to the fact that when it attained independence the Congo had considerable stocks of goods to fall back on and this prevented prices from shooting up; since the city of Leopoldville (Kinshasa) had better sources of supply, it was there that real wages dropped more gradually.

In an attempt to maintain the purchasing power of the minimum wage the Government decreed a fresh increase in July 1961; the increase in the nominal wage was fairly swiftly absorbed by rising prices; in May 1962 the real wage index was back to its June 1960 level in both towns; from that point onwards it continued to drop below 100, and despite the two wage increases in 1963 it failed to catch up again. In 1963 purchasing power began to respond better to increases in nominal wages. On 9 November 1963 the Government decided to devalue the currency. This dealt a heavy blow to the purchasing power of wage earners, who saw the prices of home-produced goods and of their "canteen" purchases rise steeply. (Canteens are company stores, where workers are entitled to buy specified quantities of home-produced or imported goods at controlled prices.) Indices remained stable in 1964 and 1965, years in which no action was taken with regard to minimum wages; but the position of the worker in receipt of no more than the minimum living wage continued to worsen: by March 1966 the price index (June 1960=100) had gone up by 430 per cent. in Leopoldville (Kinshasa) while that of the nominal wage had only gone up by 206 per cent. The most recent increase to date, ordered on 30 April 1966, succeeded to some extent in raising the purchasing power of the minimum wage. Even so, the real wage index in Leopoldville (Kinshasa) (June 1960=100) had fallen to 72 by April 1966 and had started to slip back again in May and June.

# Minimum Wages in the Congo (Kinshasa)

## WAGES AND THE NATIONAL INCOME

To end our survey of this period we give some information on wages as a proportion of the national income.

As will be seen from table V, the wages earned by Africans as a proportion of the national income increased between 1959 and 1964 from 29.7 to 34.4 per cent.; a corresponding decrease took place in the proportion represented by wages earned by non-Africans—it dropped heavily from 26.3 per cent. in 1959 to only 8.5 per cent. in 1964. However, as the African share did not rise in the same proportion as the non-African share fell, the ratio of African and non-African wages combined (56 per cent. of the national income in 1959) shrank to 51.4 per cent. in 1962 and to 42.9 per cent. in 1964.

TABLE V. TOTAL WAGES IN FRANCS AND AS A PROPORTION OF THE NATIONAL INCOME, 1959 TO 1964  
(At current prices)

Item	1959		1961		1962		1964	
	Thou- sand million francs	Per- centage	Thou- sand million francs	Per- centage	Thou- sand million francs	Per- centage	Thou- sand million francs	Per- centage
National income .	48.2	100	48.5	100	78.6	100	167.3	100
All wages . . . . .	27.0	56.0	27.7	57.1	40.4	51.4	71.8	42.9
of which :								
Africans' wages .	14.3	29.7	18.6	38.3	35.6	45.3	57.6	34.4
Non-Africans' wages . . . . .	12.7	26.3	9.1	18.8	4.8	6.1	14.2	8.5

Source: République démocratique du Congo, Ministère du Plan et du Développement industriel, Direction de la statistique et des études économiques: *Notes statistiques et de conjoncture*, No. 1, June 1966.

Nevertheless, there are two good reasons why we should pause before inferring that the workers were “pauperised”. In the first place, the relation between the wage bill and the national income does not indicate very much; it depends upon a number of factors, which may have opposite effects. In the second place, we have to allow for so large a margin of error that the reports themselves lose all meaning; it must be remembered that here accountancy on a national scale is in its infancy and that figures quoted are derived from estimates and hypotheses; the authors recommend that they be handled only with “the utmost caution”.<sup>1</sup>

<sup>1</sup> See République démocratique du Congo, Ministère du Plan et du Développement industriel, Direction de la statistique et des études économiques: *Notes statistiques et de conjoncture*, No. 1, June 1966, pp. 58-59.



## New minimum wage legislation

Legislative Ordinance No. 66-268/A dated 30 April 1966<sup>1</sup> regulating national minimum wages and minimum family allowances, and Ordinance No. 66-268/B of the same date<sup>2</sup>, which concerned measures for its implementation, together make up the Republic's new legislation on minimum wage fixing.

This legislation was grounded on the work of the study group on wage questions set up under the Ministry of Labour and Social Welfare in July 1965, on which the Government, employers (the Federation of Employers of the Congo (F.E.C.)), and workers (the Union of Workers of the Congo (U.T.C.), the Confederation of Free Trade Unions of the Congo (C.S.L.C.), and the General Federation of Workers of the Kongo (F.G.T.K.)) were each represented by six members. The I.L.O. experts were invited to attend committee meetings, where the conclusions and recommendations formulated by the I.L.O. mission in 1960 and the resolutions adopted at the African Advisory Committee at its second session in Tananarive (1962) and by the Second African Regional Conference of the I.L.O. in Addis Ababa (1964) were presented. As will be seen, a number of the recommendations were embodied in Congolese law.

### AIMS AND SCOPE OF THE LEGISLATION

The aim of the legislation of 1966 was to create a framework within which the provincial authorities would be free to exercise their powers, since under the Constitution<sup>3</sup> jurisdiction in minimum wage matters is vested in the provinces within the limits established by the national legislation.

Article 2 of the legislative ordinance defines the minimum national wage as that "payable to an ordinary labourer, category I, grade 1 . . ."; food rations no longer constitute a separate item of remuneration, accommodation remaining the only item payable in kind subject to an equivalent deduction from wages.

The rules are intended to be universally applied and to cover every branch of economic activity; no provision is made for exceptions. In other words, they constitute a "national" system as distinct from a "sectoral" system under which the scope of application was limited to certain sectors of activity.

### WAGE ZONES

The large number of zones and rates has been considerably reduced. As already mentioned, the I.L.O. mission had noted 257 geographical

<sup>1</sup> *Moniteur congolais*, 7th Year, No. 11, 15 June 1966, p. 368.

<sup>2</sup> *Ibid.*, p. 375.

<sup>3</sup> Article 50/16 of the Constitution (see *Moniteur congolais*, 1 Aug. 1964, special issue).

wage zones and over 100 rates in 1960; under the 1963 ordinance these had contracted to 100 zones and 46 rates. At present each province is divided into not more than three wage zones.<sup>1</sup> The first consists of the provincial capital and the large urban centres; the second of the main centres of local government; and the third of the remainder of the province.

The territory of the Congo is divided into 12 provinces plus the city of Leopoldville (Kinshasa). In all, for a total of 35 wage zones, there are only seven different wage rates.

#### ASSESSMENT OF DAILY RATES

In accordance with the legislative ordinance, the Government fixed the ratios to be used in calculating daily rates for (a) minimum national wages, (b) minimum family allowances, and (c) the maximum deductible in respect of accommodation.

The 35 wage zones were regrouped around seven basic rates made up in the following prescribed proportions (in francs per day):

Minimum wage	Family allowance	Accommodation
53	4	4
62	5	5
72	6	6
84	7	8
100	8	9
116	9	10
133	10	11

Under section 7 of the legislative ordinance, the provincial authorities are to apply to these basic daily rates the coefficients fixed by the central Government at 30 per cent. for wages and lodging allowances (section 1 of the executive ordinance) and 100 per cent. for family allowances (section 4 of the same ordinance).

These are the rates for ordinary labourers, category I, grade 1<sup>2</sup> of the general job classification appended to Ordinance No. 106 of 23 April 1964.

In addition, section 2 of the executive ordinance introduced two further minimum rates for: category III, grade 1 (semi-skilled)<sup>3</sup>, and category IV, grade 1 (skilled).<sup>4</sup> Section 3 of the ordinance fixed minimum wages for categories I, III and IV respectively at 100, 150 and 200 per cent.

<sup>1</sup> This is in conformity with the suggestions made by the I.L.O. mission in 1960.

<sup>2</sup> The definition given of this class of labourer is "the worker who carries out the simplest tasks, for which no special skill or training are required".

<sup>3</sup> Defined as "the wage earner or salaried employee whose job requires some knowledge of the trade".

<sup>4</sup> Defined as "the wage earner or salaried employee whose job requires a broad knowledge of the trade".

To sum up, let us take as an illustration zone 1 (the town of Matadi and the urban centres of Boma and Thysville) in the province of Kongo-Central, where under the legislative decree the calculation of minimum wage rates, family allowances and accommodation allowances is to be based on the ratio 100 : 8 : 9.

By applying the rule that the labourers' minimum wage and accommodation allowance are to be increased by 30 per cent. while his family allowances are to be increased by 100 per cent., the following daily rates (in francs) are obtained: minimum wage, 130; family allowance, 16; lodging allowance, 12.

Under section 3 of the executive ordinance, the three minimum wage rates applicable to the three occupational categories in the province will be: category I, 130; category III, 195; and category IV, 260.

#### MINIMUM WAGES AND CONSUMER PRICES

The comparison between minimum wage rates and the movement of prices was one of the factors considered by the Government when it first started to fix the rate of wage increases. The Ministry of Labour provided the study group on wage questions with the comparative table given below setting out minimum wages and consumer price indices from 1960 to 1965. For the purposes of the present paper, figures have been added for 1966.

Date	Minimum wage (29 June 1960=100)	Consumer prices <sup>1</sup>
30 June 1960 . . .	130	100
1 July 1961 . . .	169	127.5
1 Apr. 1963 . . .	211.2	200
1 Oct. 1963 . . .	264	216.1
1 Jan. 1964 . . .	264	261.1
1 June 1965 . . .	264	427.6
1 Mar. 1966 . . .	294	517

<sup>1</sup> Weighted price index in Leopoldville (Kinshasa) calculated by the Institut de recherches économiques et sociales of Lovanium University.

This table clearly shows how the purchasing power of a wage earner in receipt of the minimum statutory rate fell progressively between 29 June 1960 and 1 March 1966, during which time his wages went up by 194 per cent., while consumer prices went up by 417 per cent. By 1 March 1966 the minimum wage index had lagged behind the price index in the ratio of 294 : 517, i.e. it had fallen to 56.8.

The workers' representatives asked for a minimum wage increase of 40 per cent; the employers were unwilling to grant more than 20 per cent. The 30 per cent. increase laid down under Ordinance No. 66-268/B of



30 April 1966 would appear to have struck a balance between the two; and in the view of one expert's report was at least partly based on the principle of fixing a minimum wage in relation to prices. From the same report we learn that the Minister of Labour and Social Welfare is drawing up a list of goods and services whose prices will be noted by inspectors of labour; the intention is to instruct Ministry of Labour departments to watch statistics and price and wage trends in each centre of local government so as to keep a check on changes in the wage earners' purchasing power. On the basis of this and other information, the Minister of Labour should be in a position to decide when wages ought to be adjusted. There would be nothing automatic about this adjustment, for section 4 of the legislative ordinance of 30 April 1966 speaks of determination "as necessary" of increases in minimum wages. However, the novelty of the legislation of 1966 lies in the adjustment machinery it provides for. Paragraph 1 of section 4 further stipulates that "the daily national minimum wages in force in the provinces shall be scrutinised by the provincial authorities and compared with the consumer price index". In his initial report to the President of the Republic, the Prime Minister notes "this marks an important departure in our social legislation".<sup>1</sup>

Under section 4, paragraph 3, provision is made for the full report on the comparison to be submitted to the Minister of Labour before 1 January each year; this report is to be prepared by provincial governments, but the legislation provides for the participation of the most representative workers' and employers' organisations, without laying down any specific procedure for it. Once the provincial economic and social councils have been set up under articles 131 to 135 of the Constitution, the provincial authorities will in addition be expected to take their views into account.

The Minister of Labour will examine the provincial reports annually and decide, in consultation with the Economic and Social Council, whether to prescribe wage increases. The comparative price and wage studies are alone intended to be held regularly, the revision and adjustment of the rates being left, as already stated, to the discretion of the central Government, which need not proceed with them either automatically or at regular intervals.

#### IMPLEMENTATION

Section 8 of the ordinance states that the Minister of Labour, the provincial governors and the commissaires of the Republic are responsible for its implementation. The Labour Inspectorate is officially responsible for enforcement, but in practice its staff is limited, especially in view of

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<sup>1</sup> See *Moniteur congolais*, No. 11, 15 June 1966, p. 369.

the fact that "in addition to their work of inspecting enterprises, labour inspectors will in future have to assist employers and employees to engage in collective bargaining".<sup>1</sup>

The report of the Congolese Government to the I.L.O. regarding application of the Minimum Wage-Fixing Machinery Convention, 1928, gives no figures for the numbers of workers covered by the legislation. According to an expert's report, however, prior to the promulgation of the 1966 legislation the statutory minimum wage appears to have coincided with the wage actually paid for almost 50 per cent. of the workers.

#### NATIONAL MINIMUM WAGE RATES

The system was streamlined by reorganising it around seven basic rates applicable in the different zones and provinces according to the following plan:

Basic rate <sup>1</sup>	Provinces and zones *
53	Bandundu (3), Sud-Kivu (3), Nord-Kivu (2), Uélé (3), Kibali-Ituri (3)
62	Bandundu (2), Kasai-occidental (3), Sud-Kivu (2), Kasai-oriental (3), Nord-Kivu (1), Haut-Congo (3), Uélé (2), Equateur (3), Kibali-Ituri (2)
72	Kongo-central (3), Bandundu (1), Kasai-occidental (2), Kasai-oriental (2), Nord-Katanga (2), Haut-Congo (2), Uélé (1), Kibali-Ituri (1)
84	Kongo-central (2), Kasai-occidental (1), Sud-Kivu (1), Kasai-oriental (1), Nord-Katanga (1), Equateur (2)
100	Kongo-central (1), Sud-Katanga (3), Equateur (1)
116	Sud-Katanga (2), Haut-Congo (1)
133	Sud-Katanga (1), city of Leopoldville (Kinshasa)

<sup>1</sup> Basic rate for a labourer fixed by the legislative ordinance of 30 April 1966. See p. 409. \* The figure given in parentheses in each case refers to the number of the zone of the province in which the rate is applied. (Zone 1: capital and largest towns; zone 2: main centres of local government; zone 3: rural areas.)

So far as it has been possible to discover, the provincial orders which must be issued before the increased rate fixed by the central Government can take effect have not yet been issued.

<sup>1</sup> See DUPRIEZ: "La législation congolaise du travail, facteur de paix sociale?", *op. cit.*, p. 301.

# Minimum Wages in the Congo (Kinshasa)

Leopoldville (Kinshasa) appears to be the only place in which the increased rate has taken effect: the relevant order (No. 12/66) was issued by the Minister of Labour and Social Welfare on 7 May 1966, and provides as follows: ordinary labourer, category I, grade 1—173 francs per day; semi-skilled worker, category III, grade 1—260 francs; skilled worker, category IV, grade 1—346 francs.

Minimum rates for other parts of the country are, however, quite easy to work out on the basis of the rate fixed for each province in the schedule to the legislative ordinance of 1966, merely by adding the 30 per cent. increase.

Table VI sets out the rates calculated in this way for each wage zone. As already seen, the provinces are mostly divided into three zones; where there are no more than two zones in a province, zone 2 takes the place normally occupied by zone 3. Given the statutory ratio between the wages of a labourer, semi-skilled worker and skilled worker, the two latter categories can be worked out on the basis of the first category.

TABLE VI. NATIONAL MINIMUM DAILY WAGE RATES APPLICABLE FROM 1 APRIL 1966 IN THE 12 PROVINCES OF THE CONGO

(In francs)

Province and zone	La-bourer	Semi-skilled	Skilled	Province and zone	La-bourer	Semi-skilled	Skilled
Kongo-Central: 1 .	130	195	260	Nord-Kivu: 1 . .	81	122	162
2 .	109	164	218	2 . .	69	104	138
3 .	94	141	188	Nord-Katanga: 1 .	109	164	218
Bandundu: 1 . . .	94	141	188	2 .	94	141	188
2 . . .	81	122	162	Haut-Congo: 1 . .	151	227	302
3 . . .	69	104	138	2 . .	94	141	188
Sud-Katanga: 1 .	173	260	346	3 . .	81	122	162
2 .	151	227	302	Uélé: 1 . . . . .	94	141	188
3 .	130	195	260	2 . . . . .	81	122	162
Kasai-Occidental: 1	109	164	218	3 . . . . .	69	104	138
2	94	141	188	Equateur: 1 . . .	130	195	260
3	81	122	162	2 . . .	109	164	218
Sud-Kivu: 1 . . .	109	164	218	3 . . .	81	122	162
2 . . .	81	122	162	Kibali-Ituri: 1 . .	94	141	188
3 . . .	69	104	138	2 . .	81	122	162
Kasai-Oriental: 1 .	109	164	218	3 . .	69	104	138
2 .	94	141	188				
3 .	81	122	162				

Table VI calls for some comment. In the first place it will be noted that some rates are applied more often than others. This is shown clearly by the following table:



Labourer	Minimum wage rate in francs		Frequency of application
	Semi-skilled	Skilled	
69	104	138	5
81	122	162	9
94	141	188	8
109	164	218	6
130	195	260	3
151	227	302	2
173	260	346	2

This shows that in all three occupational categories the second lowest rate is the one most often used. This recurrent or dominant minimum rate is 81 francs for labourers, 122 francs for semi-skilled workers and 162 francs for skilled workers.

The minimum daily rates for labourers ranges from 69 to 173 francs according to zone, giving a differential of 104 francs; semi-skilled workers' wage rates range from 104 to 260 francs, with a differential of 156 francs; and skilled workers' wage rates range from 138 to 346 francs, with a differential of 208 francs.

In each of these three occupational categories, however, the ratio of the differential remains the same—69:173, 104:260, 138:346, or 0.4. Zone differentials are substantial: in the zone with the highest wage, minimum rates are 150 per cent. higher than in the zone with the lowest. In the absence of information on the cost of living in the different areas and zones, it is impossible to say whether these wide variations are reasonable or not.

Average daily wages are 115.2 francs for labourers, 173.2 francs for semi-skilled workers and 230.5 francs for skilled workers.

#### MONTHLY REMUNERATION FOR UNMARRIED AND MARRIED WORKERS

As already discussed, the system of family allowances is closely linked with that of minimum wages. Seven basic rates were prescribed in 1966, in addition to which the provinces have to enforce the 100 per cent. increase laid down under the executive ordinance of 30 April 1966. The immediate effect was to give married workers a minimum daily family allowance entitlement ranging from 8 to 20 francs for each child, according to the zone. This increase was designed, as noted by the Minister of Labour in his report to the President of the Republic concerning the executive ordinance, to take account of the fact that "in July 1960, family allowances were left untouched, whereas minimum wages were increased by 30 per cent." <sup>1</sup>

Once the new rules are implemented, married workers, whose remuneration has lagged behind that of bachelor workers, will be able to catch up to some extent. Table VII illustrates the movement of minimum

<sup>1</sup> See *Moniteur congolais*, 15 June 1966, p. 375.

# Minimum Wages in the Congo (Kinshasa)

TABLE VII. MOVEMENT OF MINIMUM REMUNERATION OF AN UNMARRIED LABOURER COMPARED WITH THAT OF A MARRIED LABOURER WITH THREE CHILDREN, KINSHASA, 1960 TO 1966

Item	June 1960		Nov. 1963		Oct. 1965		Apr. 1966	
	Bachelor	Married (with 3 children)	Bachelor	Married (with 3 children)	Bachelor	Married (with 3 children)	Bachelor	Married (with 3 children)
Remuneration (francs per month) <sup>1</sup> . .	1 130	1 633	3 458	4 160	3 458	4 160	4 498	6 058
Nominal index of remuneration . . . .	100	100	306	255	306	255	398	371
Price index . .	100	100	361	361	468	468	549	549
Real index of remuneration	100	100	85	71	65	54	72	68

<sup>1</sup> Monthly remuneration is obtained by multiplying daily rates by 26 (legislative decree of 1 February 1961 on the hire of services).

wages for an unmarried labourer since 1960 as compared with that of a married labourer with three children in the town of Kinshasa.

After the 1966 ordinance came into force the real index (base 1960=100) for the remuneration of a married worker with three children rose by 14 points between October 1965 and April 1966, while that of a bachelor worker rose by only 7 points; even so, the latter index remained at a slightly higher level (72 as against 68).

## PREDICTABLE EFFECTS OF THE NEW REGULATION ON GENERAL WAGE STRUCTURE

As already noted, Ordinance No. 66-268/B of 30 April 1966 instituted three mandatory occupational categories, namely categories I, III and IV (grade 1) of the general job classification under the ordinance of 23 April 1964; as a result, all employers were obliged to grade their employees according to the prescribed grades and steps.<sup>1</sup>

Apart from this, there are few collective agreements containing wage tables available to us; however, some useful data on the subject are contained in an expert's report on the collective agreement in the textile industry in Leopoldville (Kinshasa). The wage levels quoted are comparable with statutory levels, as the job classification tallies with that of the 1964 ordinance. The skill differentials fixed under the agreement

<sup>1</sup> See the report of the Minister of Labour to the President of the Republic concerning the executive Ordinance, in *Moniteur congolais*, 15 June 1966, p. 375.

are as follows: Category I, grade 1 (labourer)—100; Category III, grade 1 (semi-skilled)—132; Category IV, grade 1 (skilled)—161. As the statutory differentials for those categories at present stand at 100, 150 and 200, when the legislation is fully implemented the minimum contractual rate will go up by 13.6 per cent. for the semi-skilled workers concerned and by 24.2 per cent. for the skilled workers. In other words, skill differentials will widen.

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## Edward Joseph PHELAN

1888-1967

Edward J. Phelan, who died on 15 September 1967, was Director-General of the International Labour Office from 1941 to 1948.

He was born on 25 July 1888 in Waterford, Ireland. After receiving a B.Sc. degree at the University of Liverpool, he entered the British Civil Service with the Board of Trade, later joining the Ministry of Labour when it was established in 1916. He also served at the Foreign Office on a mission to Russia in 1918 and was a member of the British delegation to the Peace Conference in 1919.

In 1918, while with the British Civil Service, he played a part in drafting and editing the text of what was to become Part XIII of the Treaty of Versailles, the section which created the International Labour Organisation. In January 1920 the first Director of the I.L.O., Albert Thomas, appointed him head of the Diplomatic Division of the new Office, in which he rose to the posts of Assistant Director in 1932 and Deputy Director in 1938.

In 1940 the centre of I.L.O. activities was transferred to Montreal by Director John G. Winant (1938-1941). When the latter resigned in order to assume the post of United States Ambassador to London, Edward Phelan was elected his successor and directed the Office during the crucial years from 1941 to 1948. In 1946 the 99th Session of the Governing Body meeting at Montreal, wishing to honour the work that Edward Phelan had carried out during the Organisation's most difficult period, conferred on him the title of Director-General of the I.L.O., as of 15 February 1941.

After his retirement in 1948 Phelan wrote his war memoirs in a series of four articles which appeared in the Irish periodical *Studies* in 1954, 1955, 1956 and 1957. He was called on to preside over a Special Consultative Committee of U.N.E.S.C.O. and was made a member of the Mexican Academy of Social Legislation. The National University of Ireland, Laval University of Quebec as well as the University of Montreal awarded him honorary doctorates. He was also named Commander of the Order of the Southern Cross of Brazil, Grand Cross of the Order of the Aztec Eagle of Mexico and Commander of the Légion d'Honneur of France.

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## CURRENT INFORMATION

### **Submission of international labour Conventions to the competent authorities in Rumania**

Under the Rumanian Constitution adopted in August 1965 a new procedure for the submission of international labour Conventions and Recommendations to the competent national authorities has been instituted. This procedure, which was applied for the first time in 1966 with respect to the Conventions and Recommendations adopted by the 49th Session of the International Labour Conference<sup>1</sup>, is briefly described below.

Article 19 of the I.L.O. Constitution places on members of the I.L.O. an obligation to bring the Conventions and Recommendations adopted by the International Labour Conference before their competent national authorities within specified time limits for the enactment of legislation or other action.

Under articles 43 and 63 of the new Rumanian Constitution, Conventions and Recommendations are submitted to the Council of State, the highest standing state body subordinate to the Grand National Assembly. After studying their provisions the Council of State refers

them, in accordance with the regulations of the Grand National Assembly, to appropriate standing committees of the Assembly.

Before the standing committees of the Assembly take a decision, the provisions of the Conventions and Recommendations in question are first discussed. Members are entitled to ask the Minister of Foreign Affairs or his representative (who introduces the instruments concerned) for explanations regarding the contents of these texts and the circumstances in which they were adopted. They are also free to comment on the texts and on the answers given to the questions raised by them.

Special notices are published in the Official Gazette of the Socialist Republic of Rumania and in the central press, on the discussions which have taken place on international labour Conventions and Recommendations in the standing committees of the Grand National Assembly. Thereafter, during the first Ordinary Session of the Assembly, the Secretary of the Council of State devotes part of his report to the contents of the Conventions and Recommendations adopted at the preceding session of the General Conference of the International Labour Organisation, and indicates the views expressed by the standing committees of the Assembly which have considered the instruments in question. This report is then discussed. Any member of parliament may make comments or ask questions on the problems dealt with in the report.

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<sup>1</sup> Minimum Age (Underground Work) Convention, 1965; Medical Examination of Young Persons (Underground Work) Convention, 1965; Employment (Women with Family Responsibilities) Recommendation, 1965; Minimum Age (Underground Work) Recommendation, 1965; Conditions of Employment of Young Persons (Underground Work) Recommendation, 1965.

The procedure for submission enables the authorities of the Republic to define their attitude to the documents presented to them and to ratify the Conventions or take such action as may be advocated in the Recommendations.

Thus, the Council of State may take the initiative with an eye to ratification of the Conventions and to whatever action may be called for to give effect to the Recommendations.

Similarly, the standing committees of the Grand National Assembly can take the initiative in legislation under article 27 of the regulations of the Assembly. Hence, should a standing committee see fit, the procedure for submission of Conventions and Recommendations may be continued by the procedure leading to ratification. Finally, under article 68 of the same regulations, initiative in legislation may be taken by a group of at least 35 members of parliament. Accordingly, when the report by the secretary of the Council of State is being discussed in the Assembly, a group of members can propose that there be a vote on ratification of the relevant Conventions.

The procedure followed hitherto in Rumania for ratification of international labour Conventions or for action to give effect to Recommendations in accordance with any request that may be made by the relevant technical authorities in no way prevents the supreme organs of the State from deciding that Conventions shall be ratified or Recommendations put into effect; the procedure for submission of instruments allows them to do this.

Furthermore, the fact that international labour Conventions and Recommendations have been submitted to the competent authorities is given

wide publicity, so that public opinion is familiar with the action taken in this field by the state organs responsible.

The fact that the General Trade Union Federation is informed of all I.L.O. instruments provides a further guarantee ensuring that Conventions and Recommendations will be incorporated into national legislation to the extent that economic and legal circumstances permit.

As has been mentioned, the procedure in question was applied for the first time in connection with the Conventions and Recommendations adopted by the International Labour Conference at its 49th Session. The Council of State took cognisance of these texts and referred them to the Legal Committee and the Health, Social Welfare and Insurance Committee of the Grand National Assembly. The two committees, in joint meeting, heard a detailed statement by the Deputy Minister of Foreign Affairs on the background of the instruments and their contents. Further to the explanations given, and after discussion, the committees asked that the documents in question be referred to the competent technical authorities.

Notices on the study of these instruments by the standing committees were published in the Official Gazette and by the Rumanian Press Agency and the Bucharest papers, notably by *Munca* ("Labour"), the organ of the General Trade Union Federation.

The report submitted to the Assembly in December 1966 by the secretary of the Council of State explained what had been done to refer the texts adopted by the International Labour Conference to the relevant organs in Rumania. This report was published in full in the Bucharest papers.



The procedure for submission of the texts adopted by the Conference at its 50th Session is at present under way.

(Information made available by the Government of Rumania)

### **Organisation of rural workers in Chile**

Act No. 16625, promulgated on 26 April 1967, profoundly modifies the Chilean Labour Code as regards the right of association of rural workers and the system of collective bargaining in the countryside, with the main object of facilitating and strengthening trade union organisation among such workers.

The new legislation, which applies to employers as well as workers, establishes the general principle of freedom of association without prior authorisation. Workers' trade unions must have at least 100 members (though in certain circumstances the minimum may be reduced to 25). The functions of workers' and employers' organisations include: the conclusion of collective agreements; representation of workers and employers in collective disputes and, as regards the workers, in the exercise of rights deriving from individual employment contracts (when union members so demand); promotion of education; organisation of co-operatives; and participation in public and private bodies. The Act grants trade union privileges and immunities to persons who are candidates for posts as officers of unions or federations, and to elected officers of such bodies (during their period of office and for six months thereafter). When a union is being formed, members enjoy special protection until such time as the union has been legally recognised. Employers are obliged to make arrangements so that union officers can

carry out their duties, and to provide premises for union meetings. The minimum union due will be equivalent to 2 per cent. of wages and provision is made for deduction of union dues by the employer. Dues will be payable even by non-members either to a union chosen by them or to the Trade Union Education Fund of the Department of Labour. Employers will have to pay a similar sum to finance the same fund and the trade union federations and confederations. The Act protects workers against anti-union discriminatory action on the part of employers, and forbids employers to interfere in union affairs with a view to dominating them. Unions may be dissolved only by judicial decision. Trade union federations are governed by the same provisions in so far as these are applicable.

As regards collective bargaining, the Act provides for the labour authorities to convene joint boards comprising representatives of the most representative workers' and employers' organisations (or the most representative individual employers) at the national, regional, or local level. Any collective agreement concluded by these boards may be extended to cover all the workers and agricultural undertakings in the particular sector concerned.

To settle disputes, should these occur, provision is made for Special Permanent Agricultural Conciliation Boards, membership in which, as in the case of industrial boards, will be tripartite. Similar conciliation machinery may be set up by the most representative workers' and employers' organisations. If there is no agreement as to the legality or otherwise of a dispute, the chairman of the board may settle the point without appeal.

Any collective claim must be supported by 51 per cent. of the workers

affected. If negotiations break down, workers may go on strike, provided this is the decision reached by a specified majority of the workers concerned, in a secret ballot. During the strike, however, essential work required for the conservation of fruit, crops, and livestock must continue.

It may be of interest to mention that promulgation of the new Act was welcomed by the Workers' members of the Committee on the Application of Conventions and Recommendations at the 51st Session of the International Labour Conference (Geneva, 1967), since it solved a problem that had long preoccupied the Committee. The Workers' members, together with the Chilean Government representative, pointed out that this was due in part to the Committee's efforts.

*(Diario Oficial de la República de Chile, No. 26730, 29 Apr. 1967)*

### **Recent trends in the reduction of hours of work in Japan**

In Japan, under the Labour Standards Law, which applies to both industrial and non-industrial undertakings, the normal hours of work are eight per day and 48 per week. In recent years, however, increasing attention has been given to the question of reducing hours of work, and definite trends towards such a reduction are found not only in a number of the larger undertakings but also in some smaller ones.

From 24 to 26 July 1966, at the request of the Ministry of Labour, the Information Office of the Prime Minister conducted a survey of public opinion on hours of work and leisure. The survey covered a random sample of 3,000 city dwellers.

The inquiry revealed that 18 per cent. of the replies by employed persons expressed a preference for a

reduction in hours of work over a wage increase. As regards the form that the reduction should take, 46 per cent. of the replies by employed persons were in favour of a shorter working day, while 44 per cent. showed a preference for an increase in the number of days off; 10 per cent. gave no reply. The inquiry further revealed that persons working in the smaller undertakings would have preferred a shorter working day whereas those employed in the larger undertakings were in favour of a shorter working week.

Surveys conducted by the Ministry of Labour in October 1963, 1964 and 1965 revealed a general trend towards shorter hours in industry. (This trend is also noticeable in services.) Each of the surveys covered undertakings in eight sectors of industry, but the sectors selected were different in each case. The number of establishments covered by the 1963, 1964 and 1965 surveys were 1,063, 1,161 and 2,387, respectively.

The 1963 survey revealed that in 116 manufacturing undertakings a reduction of hours of work had been made during the three-year period from October 1960 to September 1963; the 1964 survey showed that in 255 manufacturing undertakings there had been a reduction during the three-year period from October 1961 to September 1964; and the 1965 survey showed that a reduction had been made in 668 manufacturing undertakings during the three-year period from October 1962 to September 1965.

Several methods had been used for reducing hours of work in the above-mentioned manufacturing undertakings. In 69.8 per cent. of the 116 undertakings covered by the 1963 survey, 82.4 per cent. of the 255 covered by the 1964 survey and 75.8 per cent. of the 668 covered by the

1965 survey the normal working day was shortened (*a*) by beginning the working day later; (*b*) by finishing earlier; (*c*) by extended rest breaks; or (*d*) by a combination of these methods. All three surveys found that the second method was the one most frequently adopted.

The other methods used in the manufacturing undertakings were: reducing Saturday working hours; shortening the working week by granting two days off; providing for summer holidays in addition to paid annual holidays; and increasing the number of national holidays. The system of two days off per week, though not yet widely practised, was being introduced. According to a survey of hours of work undertaken by the Ministry of Labour on 1 October 1965, in 4 per cent. of the undertakings in the various industrial sectors investigated two days off per week were granted at intervals. The five-day week was practised mainly in undertakings manufacturing electrical machinery and appliances, in banking and insurance and in undertakings manufacturing precision machines and instruments. It was applied in 10.2 per cent. of the undertakings employing more than 1,000 employees.

A study on the introduction of the five-day week, compiled by the Inspection Section of the Labour Standards Bureau, has been published by the Ministry of Labour. It covered 23 companies engaged in industrial and non-industrial activities.

In a few of these companies the five-day week was applied throughout the year. For example the Matsushita Electric Company and the Sankei Shimbun newspaper printers granted two consecutive days off every week. Most of the companies, however, granted two consecutive days off per week only two or three times a month

(e.g. undertakings manufacturing electrical machinery) or even once a month (e.g. banking and insurance undertakings).

The study revealed that in some cases the system of two days off per week was applied throughout the company whereas in others it was applied only to certain departments. In the Matsushita Electric Company the system had been introduced in April 1965 simultaneously in all its branches, including the factories and head office. In the Isetan Department Store in Tokyo it was introduced in three stages: in the first stage (from October 1964 to August 1965) the employees were given two days off every other week; in the second (June 1965 to May 1966) two days off were granted every week except in the month of November; the third stage was reached in June 1966, since when two days off have been granted every week throughout the year (Wednesday to all the employees simultaneously and one other weekday in rotation).

In the Canon Camera Company a five-year plan for reducing the hours of work was started in 1963 and completed in 1967. In 1963 two days off were given in alternate weeks. In 1964 two days off were granted every week during the summer months (July to September) but only in alternate weeks during the rest of the year. In 1965 two days off were granted every week in the summer and from January to March inclusive but in alternate weeks during the other months. In 1966 two days off were given every week except in the spring (April to June), during which they were given in alternate weeks. Finally, in 1967 two days off per week are being granted throughout the year, and the weekly hours of work have thus been reduced from 44 in 1963 to 40 in 1967.



The study also showed that in four of the 23 companies the system of two days off was first applied in certain departments where it could be easily introduced, and was gradually extended to cover the other departments as soon as this became feasible. Where the introduction of the system had met with difficulties, compensatory measures were introduced, such as the granting of half a day off every Saturday.

Steps were taken by the employers to prevent any reduction in the earnings of employees including temporary employees.

Strict regulations were adopted by some of the 23 companies to prevent an increase in overtime work. Steps were also taken to ensure stricter reporting on the observance of the works' rules by employees, to intensify the rationalisation and mechanisation of office work, and to give guidance in the use of increased spare time through company recreational facilities.

The study revealed that the application of the various systems of two days off per week had resulted in higher productivity, a decline in the number of accidents and an increase in the number of applicants for jobs.

### **Trade union meeting on problems of working and living conditions in the health services**

On the initiative of the Trade Unions International of Public and Allied Employees a meeting of health service unions from 20 European, African, Asian and Latin American countries was held in Prague from 25 to 27 April 1967.

The participants in this meeting, representing 23 different national health service unions and doctors' associations (including 12 non-affi-

liated organisations), exchanged their experience in trade union activities for improving the working and living conditions of employees in hospitals and other health institutions.

In the course of an interesting discussion the delegates analysed the problems of doctors and nurses in the various countries. Essential items under discussion were the questions of incomes policy, the reduction of working hours, qualification and training, the consequences of rationalisation for health service personnel, and the extension of trade union rights.

These problems should, the meeting considered, be the subject of joint investigations by the unions of all countries, aimed at creating the essential basis of efficient health care for the population by improving the working conditions of health service employees.

The participants also discussed problems of training, extension and specialisation in connection with the continuously rising needs of the population, and tried to work out measures to meet the increasing demands on health services.

Special importance was attached to co-operation with the International Labour Organisation. The investigations carried out by the I.L.O. in 1958 into the working and employment conditions of nurses<sup>1</sup> should be continued. The participants pronounced themselves in favour of the early establishment, by the I.L.O., of an international joint commission for public services, which should include representatives of all trade union views. They recommended that within the framework of this commission a subcommittee should be envisaged

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<sup>1</sup> See I.L.O.: *Employment and conditions of work of nurses*, Studies and Reports, New Series, No. 55 (Geneva, 1960).

to deal with the problems of health service employees.

### **Congress of the Christian Confederation of Malagasy Trade Unions**

The congress of the Christian Confederation of Malagasy Trade Unions (C.C.S.M.) was held in Tananarive from 22 to 23 April 1967.

In a general resolution it urged the Government to include the trade unions, working classes and peasants in its consultations on the implementation and supervision of the five-year plan for economic and social development. It demanded the setting up of an effective economic and social council comprising employers' and workers' representatives from the main economic sectors as well as government technicians. The employers' and workers' representatives should be nominated by representative and legally recognised organisations.

As regards the development of the rural sector, which accounts for over

80 per cent. of the total population of the country, the congress called for the establishment of independent Chambers of Agriculture with administrative and financial autonomy to represent the peasants' interests and to enable representatives of the rural population to participate in the preparation of agricultural expansion programmes and the fixing of prices for agricultural products, and to give advice on such matters as the organisation of credit facilities and rural education.

Referring to the mounting cost of living the congress called for strict price control, a readjustment of the guaranteed minimum wage based on a revised standard family budget, and an increase in wages.

Mr. Eloi Jérôme Rakoto and Mr. Blaise Robel were elected respectively President and General Secretary of the C.C.S.M.

(*Energies Syndicales* (bi-monthly organ of the Institut Syndical de Coopération Technique Internationale, Paris), No. 247, 15 May 1967)

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## BOOK NOTES

ALGON, Raoul. *L'intéressement du personnel dans les entreprises*. Preface by Jean MERSCH. Paris, Guy Le Prat, 1967. 170 pp. Bibliography. 27.50 FF.

The question of giving workers a financial stake in the growth of the undertaking that employ them is a passionately debated topic in France today. The merit of this book is that it starts by presenting a full account of the association between capital and labour, tracing the idea of profit-sharing and its practical applications from Taylor and piece rates to people's capitalism and the company plans of the United States. By giving an important place to the wage related to production, the author pays just homage to Eugene Schueller, who was (as Jean Mersch, founding president of the Young Employers' Centre, says in the preface), a pioneer in the field, one of the first (with Henry Ford) to understand that a material interest in the undertaking, by developing purchasing power at its roots, so to say, was of service to the whole economy.

In the second part of the book the author examines the three main methods available: a direct and immediate interest in production or productivity; an indirect or deferred interest; a combination of the two. Specific cases are studied, including the imaginative work communities of Marcel Barbu, one of the candidates at the last French presidential elections. The third part of the book, on profit-sharing and legislation since the Liberation of France, is devoted to an analysis of existing legislation—Ordinance No. 59-126 of 7 January 1959<sup>1</sup>—and proposed laws or Bills.

<sup>1</sup> This ordinance confers certain fiscal and social advantages on undertakings that have concluded with their staff profit-sharing

In the fourth part, the author gives an outline of various profit-sharing systems found throughout the world, in Latin America, the Federal Republic of Germany, India, the people's democracies, and the United States, where the company plan seems to him to represent the most advanced form of profit-sharing. It should be noted that as early as the preface there is a value judgment on the relative merits of people's capitalism and state socialism.

The book includes a bibliography. This might be supplemented, for the benefit of the reader interested in a more theoretical approach to the question, by an article by Mr. Capet that appeared in the January 1966 issue of the *Revue économique* under the title "Les incidences de la participation des salariés aux bénéfices de l'entreprise ou les raisons de son peu d'extension" (The incidence of employees' profit-sharing within undertakings: some reasons for its limited spread).

Mr. Algon's book, despite its great topicality, has perhaps appeared a few months too early to be quite complete; for one of the ordinances issued under the Special Powers Act passed on 16 June 1967 deals with the material interest of workers in the benefits of expansion. It is to be hoped that the book will soon be brought up to date.

J. P. A.

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agreements approved by a departmental committee. By 1 January 1966 approval had been granted to 202 such agreements, and 104,237 wage earners were benefiting under them. In July 1967 the French Profit-Sharing Association stated that about 300 out of 2,000 undertakings practising profit-sharing had received approval.



HERMAN, Edward E. **Determination of the appropriate bargaining unit by Labour Relations Boards in Canada.** Occasional Paper No. 5. Ottawa, Department of Labour, Economics and Research Branch, 1966. xii+227 pp. Bibliography. \$3.50.

The determination of bargaining units, in the North American context, is characterised by the unique process of certification by an official board. This process functions side by side with the custom of voluntary recognition of bargaining units, as known elsewhere. Under the certification system the Labour Relations Boards have the power and responsibility to give legal authorisation to organisations of employees applying for certification to bargain for the groups they represent; they can also compel employers to recognise the certified organisations and to bargain with them. These boards can thus exercise a considerable influence on the structure of collective bargaining and the development of the labour movement by granting certification to certain types of organisations and refusing it to others. Their decisions are also of vital importance to management, which may find itself faced with the necessity of bargaining with one or with several different unions. The criteria which the boards apply in determining the scope of bargaining units may, in some instances, prevent the introduction of collective bargaining, since in order to obtain certification the organisations must have a legally specified level of support from the employees to be covered by the bargaining. In these and in other ways the boards are able to play an important role in the development and orientation of trade unionism and collective bargaining in Canada and the United States.

This volume contains the results of a special study carried out for the Economics and Research Branch of the Canadian Department of Labour by Edward E. Herman, Associate Professor of Economics in the University of Cincinnati; it represents the first attempt to provide a comparative study of the practices of the 11 Labour Relations

Boards in Canada—ten provincial and one federal—as regards the determination and certification of bargaining units entitled to engage in collective negotiations. The book is divided into two parts, the first of which describes the historical development of public policy and labour relations legislation in Canada and the United States and the emergence of the certification process, and discusses the role of the Labour Relations Boards, their powers, the significance of their decisions and the criteria they apply in determining bargaining units. The second part, which forms the bulk of the volume, examines the certification practices of the federal and provincial boards in Canada, on the basis of a detailed study of cases. Documentary information and analytical tables are given in appendices.

While the United States Constitution invests prime authority in labour relations matters in the federal Government, the Canadian system leaves a large measure of autonomy to the provinces. Each province has jurisdiction over labour relations in industries located within its boundaries, the federal Government retaining jurisdiction over its own employees, crown companies, and certain industries of national importance as defined in the Industrial Relations and Disputes Investigation Act of 1948. This decentralisation has resulted in considerable variation in labour relations legislation in the different provinces, although there are some common features. All the provinces have established Labour Relations Boards with similar powers to determine appropriate bargaining units but, as the study shows, variations in practice have developed with regard to the certification of bargaining units of craftsmen, office workers, security personnel, hourly paid employees, seasonal and part-time employees, the determination of bargaining units in the construction industry, and the certification of multi-plant or multi-location and multi-employer units.

It would appear from this analysis that, in spite of the existence of certain common criteria, practice is largely empirical, and that the various Labour

Relations Boards have very broad discretionary powers in developing their certification criteria to suit the circumstances of particular cases within the limits of the relevant legislative framework. For example, in relation to the establishment of bargaining units for office workers, some boards give a high priority to the concept of community of interests of the employees included in one unit and prefer to certify separate units for clerical and production workers, while others will certify both office and non-office personnel in the same bargaining unit, provided that the office workers agree to this. The practices followed in the jurisdiction of any one board are rarely uniform, however, considerable flexibility being shown in meeting the circumstances of different cases. This flexibility is of great importance, the author points out, for a too rigid application of separate certification might deprive office workers of bargaining rights in plants where they were few in number, while the systematic inclusion of office workers in general industrial unions might retard the development of organisation among office personnel.

This need for flexibility is coupled, in the author's opinion, with the need for a clear enunciation of the principles that are to apply in determining bargaining units. The author states his preference as to the basic principles that should govern certification decisions in the area studied. He shows clearly cases where the criteria applied did not give good results and those where the decisions had to be reversed or were ineffective in practice. Thus the decision to grant separate rather than joint certification to unions in different plants has not prevented the development of multi-plant negotiations in a few cases. Some possible modifications of provincial statutes are suggested, for instance in connection with the certification of multi-employer bargaining units, where the absence of legislative provisions for multi-employer certification, or the legal requirement of the consent of all employers concerned to such joint certification, have in some provinces acted as a

stumbling-block to the establishment of broader bargaining units on the employers' side. The book does not give the impression, however, that the need for stronger directives or extensive amendments to existing legislation has clearly emerged. The importance of value judgments as the basis for decisions rather than reliance on uniform rules or regulations is stressed.

While this decentralised certification system has thus provided a workable framework for the development of collective bargaining in Canada, problems of co-ordination do occur. The author recommends the establishment of an inter-provincial research committee which "could investigate the practices of the various boards on a continuing basis as well as take account of new developments in industries and unions and could thus advise the boards on any changes that they should consider. This would do away with the boards' costly method of individual learning by trial and error." Another important issue to which he refers is that of the limited jurisdiction of the boards; this raises difficulties for companies operating plants in several provinces and negotiating on a multi-plant, inter-provincial scale although remaining subject to the authority of different boards with varying attitudes and philosophies. "Such jurisdictional balkanisation does not contribute to better industrial relations in Canada." The creation of some kind of central board with jurisdiction over such companies might provide an answer, the author suggests.

The data, analyses and discussions assembled in this volume provide a useful introduction to the functions and operating practices of the Canadian system of Labour Relations Boards. These topics are undoubtedly among those under consideration at present by the task force on industrial relations recently set up by the Canadian Government.<sup>1</sup>

E. E.

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<sup>1</sup> See *International Labour Review*, Vol. 96, No. 2, Aug. 1967, pp. 207-208.



INTERNATIONAL COMMISSION OF JURISTS.

**The rule of law and human rights.** Principles and definitions as elaborated at the congress and conferences held under the auspices of the International Commission of Jurists, 1955-1966. Geneva, 1966. viii+83 pp. Index.

The Preamble to the Universal Declaration of Human Rights affirms that "it is essential, if man is not to be compelled to have recourse, as a last resort, to rebellion against tyranny and oppression, that human rights should be protected by the Rule of Law".

One of the principal tasks undertaken by the International Commission of Jurists has been the attempt to define the rules and principles constituting the concept of the Rule of Law. It has done so by means of studies and conferences and meetings of jurists in various parts of the world. The present volume brings together, in a systematic arrangement, the conclusions adopted by various meetings sponsored by the Commission: international congresses of jurists held in Athens (1955), New Delhi (1959) and Rio de Janeiro (1962), the African Conference on the Rule of Law (Lagos, 1961)<sup>1</sup>, a conference of jurists from the South-East Asian and Pacific Region (Bangkok, 1965) and a colloquium for jurists from the Asian and Pacific Region (Colombo, 1966). It also seeks to correlate these conclusions with the principal international declarations and instruments in the human rights field.

Part I of the book sets out the principles of the Rule of Law enumerated by the meetings sponsored by the Commission. These deal with the minimum conditions of a juridical system in which fundamental rights and human dignity are respected, the basic requirements of representative government under the Rule of Law, the position of the legisla-

ture in regard to the Rule of Law, the executive and the Rule of Law (particularly as regards the need for and limitations on effective governmental powers), human rights and government security, preventive detention in periods of emergency and control over executive action by the courts, the legislature and the institution of an ombudsman, administrative law, the criminal process, the judiciary, the legal profession and legal education. The chapter concerning economic and social development examines the position of the State in regard to the right of the individual to property, economic and social development within the Rule of Law, and nationalisation of property. A final chapter concerns the Rule of Law and the layman.

Part II consists of a table correlating the conclusions set out in Part I with the provisions of the Universal Declaration of Human Rights and various international conventions, including selected I.L.O. instruments. There is a series of appendices containing the texts of the Universal Declaration of Human Rights, certain basic declarations adopted by the meetings sponsored by the International Commission of Jurists and a list of relevant international conventions.

The rules and principles reproduced in this book spell out in considerable detail a number of the rights and guarantees which are proclaimed in the Universal Declaration of Human Rights and the United Nations Covenants adopted in December 1966. They may thus provide a useful contribution to the further elaboration of international instruments in the field of human rights, particularly in regard to the protection of civil and political rights. L. S. J.

NATIONAL ECONOMIC DEVELOPMENT OFFICE, United Kingdom. **Manpower in the chemical industry. A comparison of British and American practices.** London, H.M.S.O., 1967. v+62 pp. 5s.

This is a report by a team representing both management and trade unions in the British chemical industry, which was sent by the Economic Development Committee for the Chemical Industry to

<sup>1</sup> For an account of the Conference of French-speaking African jurists on "The function of law in the development of human communities", held in Dakar in January 1967 under the auspices of the International Commission of Jurists, see *International Labour Review*, Vol. 95, No. 6, June 1967, pp. 572-575.



visit a number of chemical companies in the United States and Canada with a view to finding out the reasons for the much higher productivity in the industry in North America. As the team also visited British firms that made the same products by similar processes, the report contains an extremely valuable comparison of management practices, policies and attitudes in Britain, on the one hand, and in North America, on the other. The team found that one-third of the difference in productivity was due to different management philosophies and practices, while two-thirds reflected the economies of scale in the larger, American market.

Without discounting possible action to correct the latter factor the report analyses in some detail the management aspects. In the opinion of the team, United States management was characterised by clear definition of objectives, coupled with "tailor-made", yet flexible structures and a broad delegation of responsibility. Close integration of staff and line functions permitted the use of specialised skills for line-management purposes. In North America the team found profit consciousness at all levels. Foremen were freed from irksome paperwork and enjoyed considerable authority. A substantial reduction of manning in labour-intensive operations was achieved by better job loading, the use of multi-skilled operators, and the elimination of "mates" (helpers), but also by a greater use of labour-saving equipment and instrumentation and of simulation techniques applied to labour input problems. "Down-time" was effectively controlled by advanced maintenance methods, although preventive maintenance constituted only 10-15 per cent. of the total.

United States employment practices laid great stress on high educational standards in recruitment and on functional training in service. Promotion up to, but excluding, foreman level was usually governed by seniority. Incentive pay systems were in disfavour and a multiplicity of wage scales prevailed. Collective bargaining usually operated at the plant level, despite labour pressure

for industry-wide contracts; and plant unions, rather than craft unions, represented the workers. Bargaining was strongly influenced by labour legislation, and contracts were binding on both parties. Fringe benefits were a more important part of the remuneration system in America, and annual holidays, in particular, were longer. Safety matters were given far greater attention than in Britain; on the other hand, less money was devoted to the provision of meal and refreshment facilities.

Employer-employee communications operated in parallel through the union grievance committee and—for non-bargaining topics—through news sheets (often mailed to the employees' homes), recorded telephone messages, and the local radio and television.

The report ends with a short statistical chapter and 12 recommendations on the modernisation of British practices, made in the light of conclusions concerning the American experience.

The particular interest of this publication derives from the direct observation and comparison of management methods in a representative sample of the chemical industries of North America and Britain. The great discrepancy in production per worker (a ratio of 3 to 1) may seem surprising, as both countries are industrially advanced and the chemical industry is not labour-intensive. The fact that two-thirds of the difference must be attributed to the economies of scale underlines the over-riding importance of the scale factor in chemical industry planning; the meagreness of the space devoted to this problem in the report is therefore to be regretted. If, however, it is true that productivity could be raised 67 per cent. by improved management alone, without a change in the scale of operations, the subject amply deserves the attention it received from the team.<sup>1</sup> Its interest obviously

<sup>1</sup> For recent trends in reorganising British work practices in the chemical and oil industries, see National Board for Prices and Incomes: *Productivity agreements*, Report No. 36, in particular Appendix A (Fawley Refinery) and Appendix E (Imperial Chemical Industries) (London, 1967).

goes beyond the British chemical industry; managers in industrialised and, even more, in industrialising countries wishing to develop a viable chemical industry should find this report of considerable relevancy.

H. Z. E.

SUVIRANTA, Antti. **The role of the member States in the unification work of the International Labour Organisation.** Helsinki, Institutum Iurisprudentiae Comparativae Universitatis Helsingiensis, 1966. 79 pp. Bibliography.

In this study, of which the final version was prepared following the Scandinavian-American Legal Seminar held in Stockholm in 1965, the author analyses the standard-setting activities of the I.L.O. with reference to the role of member States in these activities. The discussion relates not to the theoretical rights and duties of member States but to the manner in which they fulfil their obligations and make use of the rights accorded to them. The author has selected the Scandinavian countries and the United States for examination.

After recalling the unique structure of the I.L.O., characterised by its system of tripartite representation, the author draws a distinction between other unification programmes, one of the main purposes of which is to facilitate and promote international transactions and the standard-setting activities of the I.L.O. In the early years the aim of these activities was to counteract the adverse influence which international economic competition tended to have on the conditions of working people. More recently the "competition argument" in favour of international minimum standards has been superseded by the "co-operation argument", which stresses the desirability of concerted international efforts to achieve high but realistic goals in labour matters. But, whatever the argument used, the underlying purpose is to promote social progress everywhere.

As the framing of I.L.O. standards is closely linked with vital political and

economic questions, it is essential, according to the author, for the success of I.L.O. standard-setting activities that the reforms should be planned and introduced carefully and in close co-operation with the governments of member States. Therefore, though there is no legal obligation on them to reply to the I.L.O. questionnaires concerning the form and content of a future instrument, according to the tables included in this study the governments of the member States under consideration usually do so.

As regards the constitutional obligation on member States to submit the instruments, adopted by the International Labour Conference to the competent authorities (usually the legislature), for appropriate action, the author gives a full description of the procedures followed by the Scandinavian countries in fulfilling this obligation. He draws the distinction between international treaties, which can often be ratified with reservations, and international labour Conventions, for which such reservations are not admitted. Some Conventions, however, permit the ratification of certain parts only, the possibility remaining open of extending the ratification to other parts at a later date. The author points out that, although the system of partial ratification has been criticised, the alternative is often no ratification at all by the member State concerned, and a State that has ratified a Convention partially is considered to be more disposed to enlarge its duties by adopting other parts of the Convention than is a State to reconsider its decision not to ratify the Convention.

In a section dealing with the implementation of international labour standards, the author recalls the well-known distinction between monism, which implies that the treaties ratified by a State constitute the supreme law of the land, taking precedence over all internal law, and dualism, which implies that any effects of ratification are confined to the international level and that separate legislation is needed to give effect to the rights and duties laid down in the treaties. Scandinavian law, he points out, is



based on dualism. The difference between self-executing and non-self-executing treaties is also mentioned. The author discusses the respective merits of implementing Conventions before and after ratification; implementation through collective agreements; and the implementation of Recommendations, which he considers to be political rather than legal directives to member States.

The sixth section of the paper contains a description of the procedures and functions of the I.L.O.'s supervisory bodies, whose regular system of control provides the main guarantee for securing the fulfilment of member States' international obligations under ratified Conventions.

This study represents an interesting attempt to show the effective role played by certain member States in the preparation and adoption, as well as in the application and implementation, of I.L.O. standards. It also provides a useful analysis of the manner in which the countries under review conscientiously endeavour to fulfil not only their constitutional and legal obligations but also, in a spirit of goodwill, to grapple with the many problems encountered in so doing.

W. H. W.

VOSLOO, Willem B. *Collective bargaining in the United States Federal Civil Service*. Chicago, Illinois, Public Personnel Association, 1966. x+226 pp. Bibliography.

On 17 January 1962 President Kennedy issued Executive Order 10988, establishing a new programme for employee-management co-operation in the United States federal civil service. The author of this study, who considers that the President's Order constituted "a major reversal of American policy toward public employee unionism", has undertaken to "examine in detail the nature of this policy change and its major effects, both political and administrative". In his research he set himself two major tasks: first, the description and analysis of the actions of the federal Government and its employees under the new programme, and the conditions

determining these actions, and secondly the development of criteria by which to evaluate the significance of the consequences of this programme.

In order to establish a frame of reference for his analysis the author first discusses certain concepts which have oriented public policy towards recognition of collective bargaining in the civil service. Of prime importance is the analogy with the collective bargaining system in private industry, as it has developed in the United States, the major features of which are as follows: legal protection of the right to organise; the recognition of a majority union as the exclusive representative of all employees in a bargaining unit; the obligation of both parties to bargain in good faith and to co-operate in the implementation of agreements; the existence of an official body, the National Labour Relations Board, to settle disputes concerning representation and unfair labour practices; the voluntary nature of relationships between the parties and of the recourse to arbitration or mediation procedures; the right to resort to strike action or lockout in the case of a deadlock in negotiations. The essential conditions for effective bargaining under this system, the author points out, are the existence of two sides with fairly balanced power to negotiate and carry out the terms of an agreement, and the existence of a reasonably wide range of negotiable issues. The power of the parties and the scope of negotiations will depend on legal and institutional factors as well as the pressures of public opinion.

The author then discusses certain elements of public policy that have a limiting effect on the applicability of the private system to the public sector. The first of these is the doctrine of the sovereignty of the State, enshrined in United States law and usage, according to which the use of pressures by organised unions of civil servants, the threat of strikes, and the conclusion of binding agreements constitute infringements of public authority. The author suggests that a more flexible interpretation of sovereign power would admit the delega-



tion to governmental agencies of authority to negotiate, the State retaining the power to repudiate agreements in cases of general public interest—although this power would, inevitably, be tempered by political factors. Another inhibiting element is the separation of powers under the Constitution and the delicate system of checks and balances, which leaves decision-making authority over the terms and conditions of employment of federal civil servants partly to the President, partly to Congress, and partly to government departments and the Civil Service Commission. The scope for determining working conditions by collective bargaining may, nevertheless, be defined, the author feels, without upsetting this system of division of authority, by allowing government agencies to negotiate with employees within the limits of their statutory authority and administrative discretion. The supremacy of Congress would remain unimpaired.

Other factors influencing public policy are democratic ideology, in particular the concept that all citizens, whether government employees or not, should have the right to shape their conditions of work through organised collective action including the strike; and the evolution of management ideology towards an increasingly participative approach to employee-management relations. The author concludes that while the balance of power is not the same in a public employment situation as in the private sector, and the exact conditions of collective bargaining in the latter cannot be duplicated in the public sector, there is no overriding reason why, in the United States context, public employees should not enjoy their democratic rights in this respect, on condition that the scope of negotiations and the rights of management and unions be so defined as to preserve ultimate legislative control and protect the public interest.

Against this background the author then traces the events in the decade preceding the issue of Executive Order 10988 which led to the emergence of the new employee-management co-operation programme. He describes in detail the

12-year campaign of civil service unions to secure the passage of legislation which would give more effective statutory recognition to federal employees' organisations. Before the proposed legislation could be adopted, the newly elected President Kennedy set up, in 1961, a task force to study the issue of union recognition in the civil service and to make recommendations. The recommendations of this task force, which formed the basis of the subsequent Executive Order, attempted to reconcile the traditions of both public and private spheres by establishing the following basic rules for the development of an employee-management relations policy for the federal Government: (i) the Government's responsibility to the public is paramount and the test of any proposal must be whether it is in the public interest; (ii) the merit system should remain the essential basis of the Government's personnel policy, and collective bargaining must function within this framework; (iii) the rights of federal employees to organise and deal collectively with management officials should be recognised, but there should be no compulsion on them to do so; (iv) the Government should show an affirmative willingness to deal collectively with organised employees who have clearly manifested their desire to do so.

The provisions of Executive Order 10988 aim to establish a common policy framework for employee-management relations in all government agencies and departments, while allowing each department considerable flexibility to implement this policy in the light of its special circumstances. The order strengthens the rights of federal government employees to organise and deal collectively with management. While it draws heavily on labour relations legislation and experience in the private sector, it contains some important differences. In particular, a three-level form of recognition of employee organisations is established, which gives these organisations, according to the proportion of membership in a federal establishment that they can claim, the right to informal, formal or exclusive recognition. Only

in the latter case are they empowered to negotiate collective agreements, but formal and informal recognition give rise to the right to be consulted or to express their views on personnel matters. Recognition of employee organisations is the responsibility of the agencies; there is no central authority to interpret the provisions of the order, but a procedure for advisory arbitration in cases of conflict over recognition or unit determination is laid down. The "closed shop" is ruled out in federal employment. Strikes are forbidden and there is no provision for arbitration or other means of settling an impasse in negotiations. Certain areas of discretion and policy are excluded from negotiations, such as the agency's mission, its budget, organisation, assignment of personnel, and technology of operations. Management's rights are laid down in much the same terms as in the private sector and, in addition, the principle of state sovereignty is protected by the provision that agreements are not valid unless approved by top management and that the State remains free to take whatever action is necessary in emergencies.

Although these provisions were intended to further a better climate of relations between employees and management in the public service, there were some initial difficulties in their implementation owing to the unfamiliarity of both sides with collective bargaining procedures and a certain lack of clarity in the provisions themselves. Management, accustomed to the view that good personnel administration obviated the need for employee organisation, had to adapt to the new official doctrine granting civil service unions negotiation rights. Among the unions there was a scramble for recognition and an intensive training effort to enable their members to take advantage of the new provisions. Problems arose with regard to unit determination, rivalries and conflicts developed between industrial-type and craft-type unions, both of which were admitted under the order, and between independent unions and those affiliated to national federations. In addition, there were serious difficulties regarding

union coverage deriving from the "conflict of interest" provisions of the order, which denied the right to officials to engage in union management or to act as union representatives where these activities were incompatible with law or with their official duties, and which prohibited the establishment of exclusive recognition for unions which included in their membership managerial executives, personnel employees other than clerical, or supervisors who were responsible for evaluating the performance of employees, except in special circumstances. In some instances it proved difficult to identify these types of personnel; in others their exclusion would have amputated the unions of experienced leadership. Another area where difficulties were experienced was the definition of negotiable issues. To supplement the list of areas excluded from negotiation under the order, the Civil Service Commission drew up, for the guidance of agencies, a list of issues which might be subject to negotiation, including policy on the operation of grievance and appeals systems, working environment, welfare services, scheduling of work, promotions, training and career policies, implementation of pay policies. Finally, difficulties arose from the absence of provision for the settlement of deadlocks in negotiations. Some of the unions demanded that this "omission" should be rectified; however, this problem has frequently been dealt with in practice by the inclusion in the agreements themselves of provisions for mediation, conciliation or other advisory procedures in cases of an impasse.

After examining in detail available data on union membership and recognition in the federal service two years after the order was issued, the author concludes that the three-level recognition system has been useful. It has apparently contributed to the elimination of very small organisations and splinter groups, while nevertheless protecting the representation and consultation rights of the minority unions. Only about 30 per cent. of federal employees were at that time members of unions having exclusive recognition. There had been no explosive



growth in union membership under the new programme; white-collar workers still resisted the efforts of union organisers. However, changes in union structures and objectives were gradually taking place.

An analysis of union-management relations showed that consultation procedures had "expanded in scope and substance and contributed to better mutual understanding, higher morale, and better handling of employee complaints and grievances". The negotiation of agreements on matters within the scope of management's control had increased employee participation and provided management with a more realistic understanding of personnel issues through the give-and-take at the bargaining table. Some negative effects were noted in the implementation of the order, which were due to the confusion arising from the fragmentation of authority, the lack of central direction, the multiplicity of rules and regulations, and the absence of clear directives on methods of settling negotiation deadlocks. There had, it appeared, been no change in the pattern of "pressure politics", that is lobbying by powerful unions to influence members of Congress.

In the concluding chapter the author relates the Kennedy programme to the factors described earlier as orienting public policy in the employee-management relations field. He admits that it has not been possible, in the course of the study, to develop objective criteria for determining the extent to which organised employees may engage in consultation and negotiation without encroaching on managerial prerogatives or the policy-making role of administrative authorities. There is no final solution to this problem since such criteria "seem to be determined by complex pragmatic and ideological considerations"; it is only possible to arrive at working arrangements "which leave intact the basic claims of either party". The Kennedy programme appears to have achieved this much in the peculiar context of federal employment. The road towards increased employee participation and a better

climate of relations lies, the author feels, not in further legal enactments but rather in the development on both sides of clear attitudes favourable to civil service unionism and the use of collective bargaining as a means of deciding issues of vital interest to the civil service as a whole.

This thoroughly documented and well-organised study includes, in appendices, a summary of the history of unionisation among federal employees and estimates of present membership, and also an extensive bibliography.

E. E.

WARNER, Kenneth O. (ed.). **Collective bargaining in the public service: theory and practice.** Chicago (Illinois), Public Personnel Association, 1967. viii+200 pp. Appendices. \$6 (for members); \$7.50 (for non-members).

This volume contains a collection of 15 papers presented at a seminar sponsored by the Public Personnel Association and held in Scarborough, Ontario, from 21 to 25 August 1966. The authors, both American and Canadian, include officers of civil service personnel administration boards at the federal, provincial or state, and municipal levels; experts—professors and practitioners—in labour relations and arbitration procedures; consultants to public employers on labour relations problems; the president of a Canadian union of public employees; and the Secretary of the Treasury in the Canadian Government. The introduction, which sets the background, and the concluding paper, which presents the issues raised in a general perspective, are written by Thomas J. Plunkett, president of a consulting firm in municipal management and public administration.

The subject under discussion is one of very lively interest at the present time in both Canada and the United States. The rapid growth of public employment and the encroachment of government services on many formerly private spheres have been accompanied by an evolution of ideas concerning the status of public employees in regard to the right to organise and to fix their conditions of employment by means of collective



bargaining. Legislative measures have been taken in both countries in recent years, which tend to extend the freedom of negotiation of employees in the public services at various levels. In view of their federal structure, the diversity of state (or provincial) legislation, and differences in the nature and coverage of federal laws in the two countries, the situation of public employees in this respect is extremely complex. This book does not attempt to describe in detail the provisions in effect but rather to draw the lessons from experience in various situations and to point out the problems and critical issues for which solutions have not yet been found.

Much of the discussion hinges on the subject of the right to strike of public officials and the question of whether collective bargaining, without this right, can be meaningful. While freedom of association is a recognised right of all citizens, including public servants, the right to bargain collectively is not everywhere granted to the latter, and in many cases where it is granted there are prohibitions or limitations on the use of the strike weapon. It is noted, however, that in practice, whether or not this right is granted, strikes do occur, and that it is futile to assume that punitive measures can be taken against the entire personnel of a government service. Several of the authors argue the case in favour of compulsory arbitration of disputes involving public employees as being a more civilised and appropriate method of settling conflicts involving the public interest. Others point out that this method of transferring the responsibility for disputes settlement to a third party tends to crystallise conflictive attitudes, and that, moreover, the institution of compulsory arbitration in the public sector might open the way for its extension to the private sector. Basically, these authors believe, there is very little difference between collective bargaining in the public and private sectors; in both cases the interests of the general public may be affected and therefore there is no reason to deny the

right to strike to public officials apart from those employed in certain essential services affecting public security and health. (The definition of essential services, some of the authors show, presents a number of problems and there are inconsistencies in present practice.) The granting of this right would, in one author's opinion, in no way threaten the sovereignty of the legislative power of the State. "The employees and the union are not challenging the sovereign power of the State; they are simply calling upon the State, as any other employer, to negotiate in good faith the terms of an agreement"; and "the possibility of a strike is the most reliable means of making two parties face up to their responsibilities and for them not to 'pass the buck'".

Once the principle of collective bargaining in the public sector, with or without the right to strike, is conceded, the problem arises of designating the persons or bodies with power to negotiate on both sides. On the government side authority over civil servants is divided between the executive and financial authorities and the public personnel administration services. What is needed is a negotiating partner empowered to take decisions and to give effect to the agreements reached at the bargaining table; and this, as one author indicates, may require a restructuring of authority among the various levels of government concerned. The problem of identifying a management cadre capable of adapting its attitude in personnel relations to these new responsibilities is also highlighted in some of the papers. On the employer side the identification of bargaining units—on an occupational or geographical basis—may create a cleavage in associations of personnel in one operating unit, or a fragmentation of union structures to accommodate the negotiation of agreements in a large number of isolated units throughout the country.

The definition of the scope of bargaining is another area where difficulties arise. In most cases certain aspects of

working conditions are reserved for decision by the sovereign authority of the State; thus rates of pay and hours of work are not usually open to negotiation or arbitration, since they are determined by parliamentary decision or by special statute. The Executive Order of 1962 which established collective bargaining for public servants in the federal Government of the United States<sup>1</sup> does not include wages as a directly negotiable item; and the Public Service Staff Relations Bill in Canada, while admitting this and other conditions of work as subjects for bargaining and arbitration, provides that no collective agreement may lay down terms of employment that would require the alteration of existing legislation or the enactment of new legislation, except for budgetary provisions. Other constraints on bargaining in the public service are highlighted by some authors, who call attention to the need for maintaining the merit principle in promotions in the civil service in order to ensure the maximum of efficiency, rather than relying, for instance, on a seniority system established through collective agreement. Others point out the danger that organised employees may seek to influence policy decisions, budgetary or other, which properly belong only to the elected representatives of the people.

Many other aspects of this complex question are touched upon or discussed in this group of papers, which, although of unequal value and interest, give a lively picture of present thinking and practical difficulties in this area. None of the problems raised is felt to be insurmountable; on the contrary, all the authors assume that the introduction of collective bargaining in public services is inevitable sooner or later and that solutions will have to be found to present problems. This evolution may, in the opinion of some, have beneficial results in presenting a new challenge to public management "to discard traditional attitudes and learn to live with change and uncertainty". E. E.

<sup>1</sup> See above, the note on the book by Willem B. VOSLOO.

WEINGROD, Alex. *Reluctant pioneers. Village development in Israel*. Ithaca (New York), Cornell University Press, 1966. xv+213 pp. Bibliography, index. \$5.75.

This book relates the development of a "moshav" (Oren) in Israel from 1954 to 1962. From the time of its birth in 1948 to the present, Israel has shown one of the fastest economic growth rates in the world. Although the economic area under study is a very small one, the reader gains an excellent insight into the mechanics and thinking that have produced this economic upsurge.

The title *Reluctant pioneers* provides the first clue to the nature of the scheme. Oren is a village in the Negev, a relatively barren, sparsely populated, semi-desert area in southern Israel. The Jewish Agency's Settlement Department in 1954 sent to this village Moroccan Jewish immigrants who had never farmed before. Not only did they not want to become part of a new generation of Jewish farmers, but they specifically did not wish to become desert farmers. To explain how the Settlement Department planned, financed and implemented the development scheme, and why this scheme worked, is the principal aim of the book.

It opens with a brief but pertinent survey of the developments leading to the emergence of Israel, and of the different Jewish nationalities that were to inhabit it, paying particular attention to the philosophy behind the "moshav" system. The author then deals with the factors which caused the Jewish immigration into Israel and with the Israeli administrative decisions that continuously and directly affected the immigrants' lives.

In the formative period, from 1954 to 1955, the settlers in Oren worked merely as wage-earning labourers under the direction of the Settlement Department. However, in 1955 land, houses, credit and farm implements were allocated to the settlers in equal shares. They were allowed to produce only certain specified crops, for which the Settlement Department laid down mini-

imum guaranteed prices. A typical producers' co-operative had been created.

The only initiative left to the settlers was the manner in which they farmed their individual plots, which resulted in differences in the size of each crop. The way to increase profit was to increase the size of the crop, which would normally tend to produce maximum efficiency. However, this did not occur because, as the author states, "learning farming is an evolutionary process".

A number of problems arose in this state-controlled co-operative: the settlers felt that they did not have a sufficient voice in its management; the minimum guaranteed price for each crop was much lower than the market price, encouraging many illegal private sales; credit and crop controls, the villagers thought, were too stringent. The changes which occurred as a result of this discontent initiated a new stage, which the

author calls the third period, lasting from 1960 to 1962.

In this third period, the Settlement Department created a new individualistic credit system, which diminished economic interdependence and led to an intensification of agricultural activity. The farmers who were faster at mastering agricultural techniques began to prosper more rapidly. Finally, village control was put in the hands of the villagers themselves.

The village of Oren is not unique among Israeli communities. In fact the conditions described are representative of all of the 280 immigrant villages formed since 1948. While the Israeli experience has not been without its problems, the knowledge gained might well be useful to other countries seeking to implement schemes for directed agricultural change.

K. G. S.

## BOOKS RECEIVED

### Economic and social development

BURKE, John G. (ed.). *The new technology and human values*. Belmont (California), Wadsworth Publishing Company, 1966. vii+408 pp.

The editor of this volume (a member of the staff at the University of California, Los Angeles) has brought together some 60 readings dealing with the impact of advanced technology on human values. He suggests that since they cover an area in which little organised material is available they may be useful in "courses on the problems of contemporary society", and as "a provocative basis for discussion" in adult education programmes. The readings are grouped under the following major headings: the impact of scientific and technological change on historical perspective; science, society and human values; education in a technological era; the nature of computers and automation; automation and society—the problem of employment; automation and society—the problem of leisure; population and resources; the

new technology and the individual; the new technology and the future of *homo sapiens*; science and government; and the new technology and the future of democracy.

CANELAS O., Amado. *Mito y realidad de la industrialización boliviana*. La Paz, Cochabamba, Editorial "Los Amigos del Libro", 1966. 478 pp. Bibliography.

The author, a lawyer and journalist specialising in questions of political economy, explores the causes of Bolivia's failure to industrialise. He concentrates mainly on the period beginning in 1952 with the nationalisation of the major mining enterprises and the agrarian reform and ending in 1964 with the overthrow of the revolutionary government and the establishment of a military régime. His analysis of the country's economic problems is related to the political situation and he attempts to demonstrate the ideological inconsistencies of the parties as reflected in their policies on economic development. Bilat-



eral assistance, of which Bolivia received a good share during this period, and the stabilisation policies promoted by international agencies, come under severe attack. In the final chapter the author expounds his views on "national capitalism" and the possibilities it offers for the solution of Bolivia's development problems.

JOLIAT, Jérôme. **Inflation et développement économique. Le cas du Chili.** Thèse présentée à l'Université de Genève. Lausanne, Librairie Payot, 1966. 296 pp. 25 Sw. fr.

This doctoral thesis sets out to determine the nature of development problems arising from inflation. Basing himself on Chilean experience, the author delves into the factors making for inflationary pressures within each sector of economic activity and reviews the consequences of the extreme and, to some extent, chronic inflation that has characterised Chilean economic history. He devotes a considerable part of his book to the "monetarist" and "structuralist" interpretations of the problem and to the remedies advocated and actually adopted.

SOLDEVILLA, Emilio. **Política económica del desenvolvimiento de la empresa.** Madrid, Compañía Bibliográfica Española, 1967. xiii+289 pp. Bibliography.

A detailed study of the structure and economics of the individual undertaking, including sections on technological progress, productivity, investment and financing, and labour as a factor in its operations.

### **Labour relations**

ALEKSANDROV, N. G. (ed.). **Trudovoe pravo.** Moscow, Izdatelstvo Yuridicheskaya literatura, 1966. 544 pp. 1.21 roubles.

This latest edition of the standard textbook on Soviet labour law has been prepared with the assistance of G. V. Mutsinov, J. K. Kiselev, A. A. Abramova and A. D. Zaikin.

The first part deals with some general themes such as the purpose, system and history of Soviet labour law, the basic principles of the socialist labour organisation and labour law, elements of the employment relationship, and the legal status of trade unions. The second part describes the main areas covered by current Soviet labour legislation, including socialist labour agreements, labour protection, regulation of wages, and state social insurance. A chapter is devoted to the system of investigating labour disputes. Workers' participation in decision-making is touched upon in the chapter on the role and functions of trade unions.

The book is theoretical in approach and contains numerous references to legislative texts, recent political documents, and various Soviet studies and publications; it does not set out to discuss problems encountered in practice.

BROWN, Emily Clark. **Soviet trade unions and labor relations.** Cambridge, Massachusetts, Harvard University Press, 1966. ix+394 pp. Bibliographical note. Index.

This exhaustive study is based primarily on original Soviet sources collected during three visits by its author to the Soviet Union (in 1955, 1959 and 1962). After describing the political and economic setting, the author discusses various aspects of Soviet trade union organisation and activity (the development, principles and structure of trade unions; trade union organs and their functions; etc.). Chapters on labour-management relations and the protection of workers, labour disputes, co-operation in production, and wages and hours in industrial relations, deal not only with legislation and policy but also with actual practice and problems of implementation. The final chapter reviews the problems and prospects of the Soviet industrial relations system.

DVORNIKOV, I., LIVSHITZ, R., and RUMIANTSEVA, M. **Trudovoye zakonodatelstvo.** Spravochnaya kniga dlia profaktyva. Moscow, Profizdat, 1967. 528 pp. 1.69 roubles.

This handbook on Soviet labour legislation, intended primarily for local trade union officers and members, outlines current legislation concerning the status of workers and their unions. It includes a discussion of various important labour law problems.

JAROSZ, Maria. **Samorząd robotniczy w przedsiębiorstwie przemysłowym**. Warsaw, Państwowe wydawnictwo ekonomiczne, 1967. 290 pp. Bibliography. 25 zlotys.

This is the doctoral thesis of an associate of the Institute for Philosophy and Sociology of the Polish Academy of Sciences, dealing with workers' management in industrial undertakings in Poland. The thorough sociological analysis of the main functions and practical operation of workers' management bodies is based primarily on the author's research in a big Cracow firm during the period 1961-65. In her conclusions she presents her own original sociological model for workers' management. An appendix describes the main research tools and procedures used, and a full bibliography includes the basic works on workers' management by both Polish and a number of foreign authors.

KOLTISOV, V. I. (ed.). **Profsoyuznii komitet na predpriatii**. Moscow, Profizdat, 1966. 278 pp. 0.51 rouble.

A collection of articles by trade union officials, labour law experts, journalists, etc., on various trade union committees at the factory and local levels. Recent experience and the specific tasks of trade union bodies under the new economic reform in the U.S.S.R. are given particular attention. The authors examine the main political and legislative documents concerning trade union committees and analyse particular problems of trade union organisation and activity.

STEINMETZ, Lawrence, L. **Grass-roots approach to industrial peace**. Planning and promoting area development through the Labor-Management Community Council. Ann Arbor (Michigan), University of Michigan, Graduate

School of Business Administration, Bureau of Industrial Relations, 1966. 52 pp.

A description of the labour-management relations conference boards that functioned in three cities of Michigan after a period of economic crisis and gradual deterioration in labour relations. The creation of the boards was based on the assumption that when the usual channels of communication (grievance procedure, suggestion boxes, etc.) break down, no other way of direct communication exists short of mediation and arbitration. The existence of such a vacuum, may, according to the author, increase the number of strikes and hinder economic development simply because of lack of understanding between labour and management. The experience of the three cities indicates that a local labour-management board can help to solve this problem.

### **Manpower; training**

COPELAND, Morris A. **Toward full employment in our free enterprise economy**. New York Fordham University, Press, 1966. xiii+80 pp. Index.

The book reproduces the 1965 Millar Lectures delivered at Fordham University. In the first Mr. Copeland distinguishes between frictional unemployment in its various forms and unemployment that is due to an inadequate level of aggregate demand, and suggests ways of reducing the former to its minimum unavoidable level. In the second and third lectures he proposes six types of government action including various fiscal measures, which he believes can adjust the amount of aggregate demand with the necessary promptness and precision to maintain it at full-capacity level and thus keep non-frictional unemployment at its minimum unavoidable level.

HOPKE, William E. (ed.) **The encyclopedia of careers and vocational guidance**. Vol. I: **Planning your career**. Vol. II: **Careers and occupations**. New York, Doubleday; Chicago (Illinois), J. G. Ferguson Publishing Company, 1967.

Vol. I: xvi+752 pp. Vol. II: xvi+784 pp. Illus. Indexes, bibliography.

Designed to help young people in the United States—and their parents, teachers and counsellors—to determine a suitable career, by bringing together the greatest possible amount of accurate information about occupations and how to make suitable vocational choices. Volume I offers ideas and general guidance together with descriptions of opportunities in major industries or areas of work, while volume II gives detailed information on specific occupations, including the nature of the work, requirements, history, methods of entry, earnings, social and psychological factors, and sources of additional information.

MINISTRY OF LABOUR AND EMPLOYMENT, India. **Report on employment position in plantations by one-man committee consisting of N. N. Chatterjee.** New Delhi, 1966. ii+249 pp. 7.25 rupees; 16s. 11d.; \$2.61.

Based on replies to questionnaires addressed to the employers' and workers' organisations concerned and on visits to important plantations in north-eastern and southern India, this report deals with: employment conditions in the plantation industry, in which over 1 million workers are employed; workload study; land-labour ratio; and mechanisation and the use of labour-saving devices on tea, coffee and rubber plantations. A final chapter suggests certain remedial measures. The detailed data obtained during the inquiry are reproduced in appendices.

PASHKOV, A. S. **Pravovoe regulirovanie podgotovki i raspredelenia kadrov** (Nekotorye voprosy teorii i praktiki). Leningrad, Izdatelstvo Leningradskogo universiteta, 1966. 187 pp. 0.78 rouble.

A detailed study of the mechanisms by which state and legal institutions influence the process of manpower reproduction; of the legal and administrative arrangements for preparing, training and distributing skilled workers and specialists; and of the role which the State and the law play in the rational

utilisation of labour resources in socialist countries. The author also describes the constitutional rights concerning education and employment, explains the various types of employment and apprenticeship contracts and the rights and obligations which arise from these contracts for both parties. On the basis of a great deal of practical experience of state, economic and social institutions in solving these problems the author draws some general conclusions and makes proposals for improving legislation in the field of training and manpower distribution. There are numerous references to Soviet legal literature and legislative sources, and to those of other socialist countries, published during the past decade.

ZABELIN, N., and SUNDETOV, S. **Ispolzovanie trudovykh resursov i voprosy balansa truda.** Alma-Ata, Izdatelstvo Kazakhstan, 1966. 178 pp. 0.50 rouble.

A study of the rational utilisation of manpower resources as illustrated by experience in the Kazakh Soviet Socialist Republic. The first chapter is devoted to general manpower problems.

In the following two chapters the training and rational utilisation of manpower resources in Kazakhstan are considered. The authors raise some new and controversial points; in particular, they contest the views generally accepted on the shortage of manpower in the Republic. Statistics are provided regarding natural population increase, location and migration of population and manpower, and manpower utilisation especially in industry and construction. The last two chapters deal with methodological problems of manpower planning and the development of adequate tools for solving them.

### **Rural development**

VIRONE, L. E., PELLIZI, C., UPTON, M. and others. **The transformation of rural communities.** Edited by Ian H. Cox. Bude (Cornwall), Geographical Publications Limited, 1966. viii+53 pp. 20s.



The seventh in a series of Occasional Papers published by the World Land Use Survey Commission; composed of four papers prepared for a symposium at the annual meeting of the British Association for the Advancement of Science in September 1966. The contributions relate briefly the present position and future prospects of certain agricultural projects being carried out in Italy, Nigeria and Venezuela. An important feature of each project is stimulation of the interest of the agricultural population in its own development; the provision of technical education and agricultural implements is not considered to be sufficient.

### Co-operation

NATIONALE COÖPERATIEVE RAAD. **Das Genossenschaftswesen in den Niederlanden.** Veröffentlichungen der Deutschen Genossenschaftskasse, Band 3. Translated from the Dutch by Wolfgang DETER. Frankfurt-am-Main, Deutsche Genossenschaftskasse, 1966. 159 pp.

A concise study of all aspects of co-operation in the Netherlands, dealing first with the various categories of co-operatives (rural credit, rural marketing, supply and processing and consumer) and

then with functional aspects (management, organisation, finance, education and training) and relations between the State and the co-operative movement. Relevant legal provisions and recent statistics are given in appendices.

This book should be of value to students of co-operation, as well as to leading officials of co-operatives or government departments.

### Social security

DELOGU, Severino. **Sanità pubblica, sicurezza sociale e programmazione economica.** Turin, Giulio Einaudi, 1967. 156 pp. Bibliography. 1,500 liras.

The author traces the development of public health and social security in Italy during the past 20 years. He analyses the considerable limitations and complexities of the present systems and its relationship to current economic development; stresses the significant contributions made by various groups, particularly the workers, in suggesting major reforms of the system; and describes certain structural and qualitative reforms that he feels could be effectively carried out within the context of the recently introduced five-year economic development plan.

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# INTERNATIONAL LABOUR REVIEW

VOL. 96, No. 5 • NOVEMBER 1967

International labour standards and Yugoslav legislation      Ratko PEŠIĆ

Manpower planning in the context of perspective economic planning  
in Pakistan      A. S. BHALLA

Wage determination: institutional aspects      Jean MOULY

Current information      Bibliography

INTERNATIONAL LABOUR OFFICE • GENEVA



# The I.L.O.

The International Labour Organisation was founded by governments for the purpose of international collaboration in securing the permanent peace of the world and eliminating social injustice through the improvement of conditions of labour. A special feature of its structure is that representatives of management and of labour organisations participate with government representatives in its proceedings. Established in 1919 it became in 1946 the first specialised agency associated with the United Nations. It has more than 100 member countries.

Over the years the I.L.O. has built up a large body of international agreements ("Conventions") and recommendations relating to basic rights of labour, employment and training, conditions of work, social security and protection at work. These are the result of detailed discussion at the annual International Labour Conference, comprising four delegates (two representing the government, one representing management and one representing labour) from each member country, speaking and voting individually. The Conventions and Recommendations are not automatically binding, but governments must submit them to their national legislatures; a Convention becomes binding upon ratification. Reports from the different governments on their implementation are examined annually by the Conference and there is also machinery for examination of complaints, including alleged violations of freedom of association.

Another major sector of the I.L.O.'s work consists in the provision of expert advice and technical assistance in matters connected with labour and social policy. Assistance is provided under the United Nations programmes of technical co-operation as well as under the I.L.O.'s regular budget. Much of this operational work lies in the fields of manpower training and utilisation, improvement of work methods and organisation, labour administration and the development of effective systems of industrial relations and social security.

These activities are organised by the International Labour Office, an international staff in Geneva with a field network in most parts of the world. The Office is also the permanent secretariat of the Organisation, and a clearing-house for international information and research. It is headed by a Director-General appointed by a Governing Body of 24 government representatives, 12 representatives of management and 12 representatives of labour, which meets three times a year.

In addition to the activities mentioned, matters of concern to particular regions and industries are discussed periodically by special conferences and committees, and many specialised technical meetings are organised. An International Institute for Labour Studies, set up by the Organisation at Geneva, provides persons occupying positions of responsibility in the different countries with opportunities for advanced study of labour policy questions.

All these activities are closely co-ordinated with a view to fulfilment of the purpose for which the International Labour Organisation was created—the promotion of social justice and peace.

# INTERNATIONAL LABOUR REVIEW

*Published monthly by the International Labour Office*

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Volume 96

November 1967

Number 5

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## CONTENTS

Page

- 443 **International labour standards and Yugoslav legislation** *Ratko PEŠIĆ*

Yugoslavia, as the author shows, takes a constructive interest in the standard-setting activities of the I.L.O., of which it has been a Member since 1919; it has ratified 52 Conventions and accepted all the Recommendations. After a brief historical survey of social and economic developments in the country since 1945 and their effect on employment relationships, Professor Pešić studies the direct effect of ratified Conventions on Yugoslav legislation (the standards they embody become an integral part of the juridical system) and the moral influence of I.L.O. standards as a whole (when laws are at the drafting stage); he concludes that Conventions have contributed to the progress of labour legislation. He also touches on the problem of "competent authorities" and points out the useful part played by the Committee of Experts.

- 468 **Manpower planning in the context of perspective economic planning in Pakistan** *A. S. BHALLA*

This article represents an experimental approach to the empirical integration of manpower planning with the process of long-term economic planning. After summarising Pakistan's over-all manpower and employment situation, the author attempts to determine global and sectoral manpower needs in relation to output targets over the Perspective Plan period and to project the occupational and skill structure of the labour force. He then discusses the problem of translating future skill requirements into corresponding educational requirements in order to formulate education and training programmes. In conclusion he expresses the view that calculation of capital-labour ratios should include not only the physical capital employed per worker but also the capital invested in training him; this technique would provide a useful link between educational planning, manpower planning, and investment planning.

- 497 **Wage determination: institutional aspects** *Jean MOULY*

The author analyses national wage-fixing practices and tries to ascertain whether they are likely to cause wage increases that are unrelated to manpower supply and demand. His aim is to suggest certain changes that might be made in these practices as part of an anti-inflationary wages policy. After making a quick survey of the methods employed in Western European countries and singling out the factors affecting the level at which decisions are made, he analyses first the operation of formal wage determination procedures and then the machinery for determining actual earnings; in each case he endeavours to ascertain the factors tending to push wages upwards irrespective of the

state of supply and demand. In conclusion he gauges the prospects of success for a wages policy and suggests the best approach to such a policy. Is it possible to control wage drift, which is in any case difficult to detect? It is indeed advisable, since a wages policy affects only wage *rates*, whereas it should be concerned with *earnings*; it should, moreover, increase fringe benefits and facilitate the participation of wage earners in the firm's profits. This would have the added advantage of restoring trade union influence at the highest policy-making level, thus enhancing the chances of success of a wages policy.

### CURRENT INFORMATION

- 527 Act respecting co-operation in Tunisia
- 528 Incentives for state farms in the U.S.S.R.
- 529 New incentives in Hungary
- 529 A survey of racial discrimination in employment and other fields in the United Kingdom
- 532 Organisation of rural activities and granting to rural associations of the powers and prerogatives of trade unions in Brazil
- 534 Formation of a tripartite committee for freedom of association and participation by workers' organisations in development programmes in Costa Rica
- 534 Young workers in Japan
- 537 Compensation for occupational sickness and administrative reorganisation of the Social Insurance Fund in Gabon
- 538 Establishment of a pension insurance scheme in Niger
- 540 Fifth congress of the Latin American Federation of Christian Trade Unionists

### BIBLIOGRAPHY

#### 544 Book Notes

LA CHAPELLE: La Déclaration universelle des droits de l'homme et le catholicisme — MORRIS: Elites, intellectuals, and consensus. A study of the social question and the industrial relations system in Chile — MORSE and WARNER: Technological innovation and society — PEŠIĆ: Radno pravo — SAAB: The Egyptian agrarian reform, 1952-1962 — SENIAVSKY: Rost rabocheho klassa S.S.S.R. (1951-65) — SIMÃO: Sindicato e Estado. Suas relações na formação do proletariado de São Paulo — TRAPPE: Die Entwicklungsfunktion des Genossenschaftswesens am Beispiel ostafrikanischer Stämme — UNIVERSIDAD NACIONAL AUTÓNOMA DE MÉXICO: Bases para la planeación económica y social de México — VERNON: Le dilemme du Mexique. Les rôles respectifs du secteur public et du secteur privé dans le développement.

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# International Labour Standards and Yugoslav Legislation

Ratko PEŠIĆ<sup>1</sup>

**Y**UGOSLAVIA has been a Member of the International Labour Organisation since its foundation in 1919, with the exception of a brief period from 1949 to 1951. During all this time the country has been most active, being represented by full delegations at all sessions of the International Labour Conference and playing an active and constructive part in devising and applying international labour standards.

Its participation became even more intense after the Second World War as a result of the major changes that took place in the social and economic life of the country. The new Yugoslavia has attached, and continues to attach, great importance to the I.L.O. and to the useful part this body plays in the post-war world, especially as regards the numerous pressing problems that arise in the field of labour and social policy. Hence the Yugoslav Government endeavours to have fruitful relations with the Organisation and to support its efforts.

## **Yugoslavia and the standard-setting activities of the I.L.O.**

Until the Second World War the International Labour Organisation was chiefly concerned in standard-setting, that is to say the framing of international labour Conventions and Recommendations with a view to establishing a body of universally acceptable principles for the protection of workers. These principles were devised in the light of the situation obtaining at the time and reflected the needs of the highly industrialised European countries (which constituted the majority in the Organisation), together with the efforts made by the working classes in those countries to improve their standard of living and conditions of work. After the war fresh problems arose with the increase in the membership of the I.L.O. and the emergence of the socialist countries, and it has proved necessary, in framing or revising Conventions and Recommendations,

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<sup>1</sup> Professor of Labour Law at the University of Novi Sad (Vojvodine).

to make allowance for the rise in the number of member States, with their different social systems and different levels of development. The new conditions of work in the world of today have likewise had to be taken into account.

During these last few years problems of this kind have been raised at sessions of the International Labour Conference, which has considered whether I.L.O. activities in devising standards should be extended or indeed whether such activities are still desirable at all. One school of thought felt that no purpose would be served by adopting further Conventions and Recommendations, since basic standards with regard to the most important matters had already been established and the problems of working conditions had been solved in the majority of countries. The view has also been expressed that conditions of work should be agreed upon by free bargaining between workers and employers. It has also been suggested that the I.L.O. should in future adopt Recommendations only, or even restrict itself to laying down the basic principles governing social policy in the form of resolutions.

The Yugoslav delegations that took part in these debates gave their full backing to the view that finally prevailed, namely that standard-setting was the necessary basic activity of the I.L.O. and should continue side by side with activities in other fields. The Yugoslav view is that standard-setting has been of value in solving social problems in many countries in the past and has a definite role to play in the future. In today's conditions of expanding production new problems are bound to arise and additional protection will have to be afforded to the worker. Hence the need for further international standards (new Conventions and Recommendations) or at least for the revision of existing standards.

The efforts made to ensure that international standards allow for differences in economic and social conditions and for the actual possibilities and levels of development of the countries concerned have also been supported by Yugoslavia. Conventions must be flexible enough to be applied in a wide variety of circumstances and should embody basic standards only, giving less importance to administrative details.

Yugoslavia particularly appreciates and supports the efforts made in recent years within the I.L.O. to ensure that Conventions deal increasingly with current social and economic questions, such as those concerned with the share of personal income in national income in the light of the new position of the worker in the production process, with employment policy, with technical progress and its effects on labour policy, safety and health (especially in connection with the introduction of automation and the increasing use of atomic power), with employment relationships, labour relations, and so on.<sup>1</sup>

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<sup>1</sup> Several of these subjects have been considered by the I.L.O. these last few years, with a view to the adoption of new international instruments.

Considerable importance is also attached to Recommendations, even though these entail more limited legal obligations than Conventions. We feel—and in this we agree with what the Director-General said in his Report to the 1963 Session of the International Labour Conference<sup>1</sup>—that Recommendations are not to be looked upon as poor relations of Conventions; indeed, they may be just as important, especially when the standards to be laid down must be flexible enough to allow for future developments and changes in economic conditions. The Recommendations adopted in the last few years deal, very constructively and flexibly, with a number of very important matters, such as the reduction of hours of work, vocational training, and termination of employment, and their influence on certain governments has been considerable.

The moral force and influence of certain principles set forth in I.L.O. Recommendations and resolutions are more than ever apparent today, not only within the framework of the Organisation itself but also within that of the United Nations, and in the legislative activities of nations.

### **Economic and social trends in Yugoslavia and the application of Conventions and Recommendations**

Before examining the influence of international labour Conventions and Recommendations and their application in Yugoslavia<sup>2</sup>, a few words must be said about the country's social and economic development since the Second World War, and the effects this has had on the system and concept of employment relationships.

In the first stage after the victory of the people's revolution, when the working class came to power and the workers' State took over the means of production, it was the State that controlled the national economy, individual undertakings, and the apportionment of labour income. During this period of administrative management of the economy workers' rights and duties, and hence employment relationships, were governed solely by the State. The employment relationship was in fact

<sup>1</sup> International Labour Conference, 47th Session, Geneva, 1963, Report I: *Report of the Director-General: Programme and structure of the I.L.O.* (Geneva, I.L.O., 1963), p. 170.

<sup>2</sup> Several articles have appeared in the *International Labour Review* on the influence of international labour standards on national legislation. See N. VALTICOS: "The influence of international labour Conventions on Greek legislation", Vol. LXXI, No. 6, June 1955, p. 593; V. K. R. MENON: "The influence of international labour Conventions on Indian labour legislation", Vol. LXXIII, No. 6, June 1956, p. 551; A. BERENSTEIN: "The influence of international labour Conventions on Swiss legislation", Vol. LXXVII, No. 6, June 1958, p. 495; "The influence of international labour Conventions on Nigerian legislation", Vol. LXXXII, No. 1, July 1960; Luisa RIVA-SANSEVERINO: "The influence of international labour Conventions on Italian labour legislation", Vol. LXXXIII, No. 6, June 1961, p. 576; Karl Nandrup DAHL: "The influence of I.L.O. standards on Norwegian legislation", Vol. XC, No. 3, Sep. 1964, p. 226; Amor ABDELJAOUAD: "The influence of international labour Conventions on Tunisian legislation", Vol. 91, No. 3, Mar. 1965, p. 191; Jan ROSNER: "The influence of international labour Conventions on Polish legislation", Vol. 92, No. 5, Nov. 1965, p. 353.



a relationship between the State, as the employer, and the individual worker.

When, towards the middle of 1950, state concerns were handed over to the management of the workers<sup>1</sup>, the second stage in Yugoslavia's economic and social development began. In the system of workers' self-management an undertaking is run by the community of workers through its organs, namely the workers' council and the administrative committee elected by the workers. Undertakings freely decide how income shall be apportioned, after the general requirements of society have been duly met.

As a result of the introduction of the new system, the economic and other changes that have occurred have naturally had an effect on the form and content of the employment relationship. The undertaking ceases to be an employer, since its workers automatically become members of the community of workers and play a direct part in management. The right to work in a concern entails a right to have a say in its management. Hence there is no longer any distinction between the producer and the manager, since the function of worker and the right to manage are now vested in one and the same person, that is the worker-producer. In this manner not only has the antagonism between the producer and the owner of the means of production, such as exists in a capitalist system, been overcome, but also the anomaly whereby the organs of a socialist State acted as employer while the workers played the part of employees has been eliminated.

Certainly the promulgation of the new Constitution of 7 April 1963<sup>2</sup> and of the Basic Act respecting employment relationships, dated 4 April 1965<sup>3</sup>, represents a milestone in the social and economic development of the country. These two instruments have a special importance, since they put employment relationships on an entirely new footing. In this connection we shall mention the two most important points:

1. The Constitution and the Basic Act respecting employment relationships tackle the problem from a new angle and endow employment relationships with a social character. These are no longer considered as juridical relationships, based on the rights and obligations of two parties, that is the worker, as an individual person, on the one hand and the organisation where workers are employed<sup>4</sup>, as a corporate legal person, on the other. Under the Constitution and the Basic Act employ-

<sup>1</sup> Basic Law on the administration of public undertakings and associations of undertakings by the staffs employed therein. See I.L.O.: *Legislative Series*, 1950—Yug. 2.

<sup>2</sup> An English translation of the complete text was published in Belgrade in 1963 by the Secretariat for Information of the Federal Executive Council. See also I.L.O.: *Legislative Series*, 1963—Yug. 3 (extracts).

<sup>3</sup> I.L.O.: *Legislative Series*, 1965—Yug. 4.

<sup>4</sup> The term "organisation where workers are employed" reflects the concepts embodied in the above-mentioned Constitution and Basic Act respecting employment relationships. It is synonymous with "undertaking", "institution", etc. It is an organisation that has the form of an undertaking, institution, etc. The term "economic unit", also used in this article, refers to a unit, section or workshop within an organisation where workers are employed.

ment relationships are established, developed and modified between the workers themselves as members of the community of workers, and not between the worker and the organisation as a legal person. It is considered, therefore, that employment relationships are determined by work done in common, by the self-management of the social means of production, and by earnings, which depend on the results of work.

2. In accordance with the provisions governing workers' self-management in organisations where workers are employed, and with the new social concept of employment relationships, workers' communities enjoy greater freedom in regulating these relationships. In other words, the members of the workers' community jointly and independently define the rights and obligations deriving from work done in common. Legally speaking, the new system is based on the transfer to the workers themselves of most of the authority to regulate employment relationships, previously enjoyed by the State. This means that the employment relationship, as a basic social relationship, can be governed by standards laid down within the framework of self-management.<sup>1</sup>

This is based on the conviction that employment relationships, because of their social character, belong to the field of standards set by self-management, and that the community of workers, that is to say the worker-producers themselves, must be empowered to lay down the relevant standards.

It follows, then, that the Basic Act respecting employment relationships is limited to certain basic social standards governing the main elements in the field of employment relationships (hours of work, termination of the employment relationship, and so on), leaving the workers the task of settling other questions. It should be stressed, however, that under section 3, subsection 1, the community of workers determines the employment relationships of its members in the by-laws and other general administrative rules which it issues either directly or through the management bodies of the organisation concerned.

The foregoing explanation is necessary if the reader is to understand the relationships between international labour legislation and Yugoslav national legislation in this field. Moreover, the Yugoslav system, which is both new and original, has given rise to numerous theoretical and practical problems, both national and international.

We shall now consider these problems, especially those which have a bearing on the ratification and application by Yugoslavia of international labour standards.

The first is a juridical problem. It concerns the legal nature of standard-setting in Yugoslavia, that is of the autonomous decisions taken by workers to regulate employment relationships.

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<sup>1</sup> See Ratko PEŠIĆ: *Sistem radnih odnosa u Jugoslaviji* [The system of employment relationships in Yugoslavia] (Novi Sad, Progres, 1966), p. 21.

There are two schools of thought. According to the first, the term "standards set within the framework of self-management", although not precisely defined, indicates their non-juridical character.<sup>1</sup> The by-laws, regulations, decisions, and so on, are acts of a general scope, which lay down independent standards and are an aspect of the general standard-setting activities of the organisation concerned. According to this concept, it is precisely the autonomous nature of the regulations concerning employment relationships within the organisation that distinguishes them from the standards set by state organs, which have the force of law. But there are others<sup>2</sup> who feel that these autonomously set standards are in fact legally binding.

Perhaps we can agree that autonomous standards laid down by self-management bodies constitute a source of law governing internal relationships within an organisation where workers are employed, and also certain relationships outside the organisation. Furthermore, in the Yugoslav constitutional system, such standards have the binding force of legal standards and the courts have to consider them as such. We can say, then, that they represent a new form of law.<sup>3</sup>

The predominant view is of great importance as far as the application of international Conventions is concerned. This view is to the effect that the standard-setting acts of self-management bodies represent an adequate guarantee of the application of international labour Conventions and Recommendations—a guarantee the same as that provided by collective agreements. These acts, like collective agreements, represent what is called autonomous law or collective labour law. But this autonomous, collective regulation is more original and complete in the standards adopted by organisations where workers are employed, since it is created by the worker-producers themselves and not evolved by bargaining and compromise between two parties.

The second problem, which is both theoretical and practical, relates to the obligation on workers' communities to settle certain questions concerning employment relationships in accordance with the standards they themselves have set, and, at the same time, to abide by the international standards ratified by the State.

As regards the first aspect of this problem, we can say that the Basic Act respecting employment relationships expressly refers to the regulation of employment relationships by self-management bodies as an obliga-

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<sup>1</sup> This is the thesis propounded by Husein Kratina, of the Belgrade Institute of Social Sciences (see H. KRATINA: *Opšti akti radne organizacije (referat)* (Diskusija o nacrtu Zakona o radnim odnosima) [The general acts of employing organisations (report), Discussion of the draft Act respecting employment relationships] (Belgrade, Institut za uporedno pravo, 1965), p. 2).

<sup>2</sup> This is the view defended by Borislav Jović (see Borislav Jović: *Samoupravno regulisanje radnih odnosa* [The autonomous regulation of employment relationships] (Belgrade, Izdanje Službenog Lista S.F.R.J., 1965)) and other labour law theorists.

<sup>3</sup> Edvard KARDELJ: "Izveštaj SIV Saveznoj skupštini" [Report of the Federal Executive Council to the Federal Assembly], in *Komunist* (Belgrade), 20 Apr. 1961.



tion incumbent on organisations where workers are employed; indeed, the Basic Law makes the existence of an organisation conditional on this.<sup>1</sup> Thus the Act obliges organisations to enact regulations governing the rights, duties and obligations of the workers; not to do so is a punishable offence and in extreme cases may even lead to dissolution of the organisation concerned.

It should be emphasised in this connection that organisations where workers are employed are expressly obliged by the Act to define their workers' rights and obligations in accordance with legal provisions, that is to say in accordance with the standards decided upon by society as offering the worker a minimum of protection. In this way a certain level of protection is ensured. Clearly, problems arise in practice from the system of regulating employment relationships autonomously, especially as regards differences among the measures of protection (which must not be too great) and observance of the standards laid down in this way. These problems are solved by means of seminars organised for representatives of self-management bodies by organs such as the Workers' Council Clubs, trade unions, and the Association of Economic Jurists.

As regards the second aspect of the problem referred to above, it should be observed that although workers' communities are legally responsible for regulating employment relationships, this does not mean that they are totally independent or that in fixing the workers' rights and obligations they are free to overlook standards adopted by society at large, by means of legal enactments, or internationally, by virtue of the ratification of Conventions and other international instruments. As we have said, when organisations define the rights and obligations of their members, they have to abide by the law. It is only natural that they should also be obliged to abide by the international standards that the State has undertaken to enforce internally.<sup>2</sup> Here again there is a practical problem to be solved: organisations must be in a position to acquaint themselves with the international standards to be enforced. The difficulty can be overcome in a variety of ways. First, in laying down standards in the most important matters the Basic Act respecting employment relationships took the relevant international standards into account. Furthermore, every Convention ratified, and every Recommendation accepted, is published in the Official Gazette of the Socialist Federal Republic of Yugoslavia, so that organisations can take due note thereof. By press and pamphlet, too, organisations, administrative bodies and the courts

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<sup>1</sup> Section 142 of the Basic Act lays down a special procedure applicable to organisations which fail, within a prescribed time limit, to issue by-laws or general administrative rules setting forth the rights, duties and obligations of the workers. Provision is made for dissolution of the management organs concerned and for new elections.

<sup>2</sup> This view is specifically emphasised in the introductory remarks inserted by the Federal Secretariat for Labour in the draft Basic Act respecting employment relationships when this text was being discussed before adoption.

are informed of Conventions and Recommendations and of the obligations deriving therefrom.

It is not sufficient automatically to embody ratified Conventions in national legislation and to publish them. The I.L.O. Constitution (article 19, paragraph 5 (*d*)) calls on member States that have ratified a Convention to take such action as may be necessary to make effective the provisions of the Convention (in Yugoslavia such action is incumbent on organisations, administrative bodies, the courts, and private individuals).

### **Ratification of Conventions and acceptance of Recommendations**

Under the Yugoslav Constitution what is the juridical position with regard to the authorities who are competent to ratify international labour Conventions or to accept international labour Recommendations?

According to Yugoslav constitutional law, the body competent to ratify Conventions and accept Recommendations is the Federal Assembly or the Federal Executive Council. According to article 164, paragraph 9, of the Constitution, it is the Federal Assembly that ratifies international agreements (and hence Conventions) requiring the enactment of additional laws or the amendment of laws already in force. The Federal Executive Council ratifies international agreements ratification of which is not within the jurisdiction of the Assembly.

Two things follow from these constitutional provisions.

First, treaties of especial importance, or calling for the adoption of a new law (if the particular matter at issue has not yet been the subject of legislation) or for amendments to an existing law, can be ratified only by the Federal Assembly as the supreme authority in the nation—the body responsible for the general direction of society in regard to the rights and obligations of the Federation as a whole.

Secondly, ratification of international treaties is still a matter for the supreme authority at the federal level. Under the Yugoslav Constitution the Federal Executive Council does not have separate executive powers but is an organ of the Federal Assembly, with political and executive functions entrusted to it within the framework of the rights and duties of the Federation.<sup>1</sup>

So far no problem has arisen as to which organ was responsible for the ratification of international Conventions, for the simple reason that the I.L.O. Constitution does not specify which body is competent to ratify Conventions; it leaves each member State free to settle this matter for itself. There are, however, problems when it comes to the application of article 19, paragraph 5 (*b*), of the I.L.O. Constitution, which calls on Members, within a specified time limit, to bring the Conventions adopted

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<sup>1</sup> See article 225 of the Yugoslav Constitution.

by the Conference before the competent authorities for the enactment of legislation or other action. In the light of the comments that appear in the memorandum adopted by the I.L.O. Governing Body in 1954 and 1955, this means that member States have to submit Conventions and Recommendations in all cases to the *legislative authority*, no matter what body is empowered to ratify Conventions or accept Recommendations and no matter whether ratification of a Convention appears possible or whether it seems desirable to give effect to a Recommendation.

Under the Yugoslav procedure draft Acts are submitted to the Federal Assembly through the Federal Executive Council. The latter first examines the relevant texts to ensure that the proposals are as complete as possible, adopts them, and then refers them to the Assembly. International treaties (and hence international labour Conventions) are also submitted to the Assembly through the Federal Executive Council.

The I.L.O. Committee of Experts on the Application of Conventions and Recommendations and the Committee on the Application of Conventions and Recommendations of the International Labour Conference have offered comments and called for explanations in connection with this procedure. They have been of the opinion that it does not meet the requirements of article 19 of the I.L.O. Constitution. Yugoslavia, on the other hand, has always maintained that under the Yugoslav constitutional system there is no separation of powers between the legislature, the executive, and the courts, and that the Federal Executive Council is therefore not an executive body in the ordinary sense of the term but an organ of the Federal Assembly and hence a representative body. Furthermore, under the national Constitution, the Federal Executive Council has to submit an annual report to the Federal Assembly on its activities, both national and international, including any action taken with regard to international labour Conventions and Recommendations. On the other hand, the Constitution gives the Federal Executive Council certain tasks in the field of legislation. The Council is in fact competent to issue regulations with the force of law, which are of special importance among the texts for implementing Acts. Hence it is felt in Yugoslavia that Conventions should be referred to the body that has appropriate legislative or standard-setting responsibilities, that is to the Federal Executive Council—if the matters referred to in the Convention are to be applied by regulations—or to the Assembly, through the Federal Executive Council—if the matters dealt with are to be applied by an Act. This, it is felt, fully meets the requirements set forth in article 19 of the I.L.O. Constitution.<sup>1</sup>

Nevertheless, the two I.L.O. Committees mentioned above felt that Conventions and Recommendations ought to be referred to the supreme

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<sup>1</sup> The same explanation was given by the Legal Council of the Federal Executive Council at one of its first sessions in 1964, when it considered international labour Conventions and the application of article 19 of the I.L.O. Constitution.



legislative authority, that is to say in all cases to the Assembly. To meet this request the Federal Secretariat for Labour and the Yugoslav National Committee for the International Labour Organisation, as the competent bodies responsible for relations with the I.L.O., have initiated the practice of submitting Conventions and Recommendations, together with reports and any other documents connected with the I.L.O., to the Federal Executive Council and also directly to the Assembly, that is to its competent committees.

### **National legislation and ratified international labour Conventions**

As part of our general study of the relationship between international labour standards and Yugoslav legislation, it is necessary to consider the position occupied by ratified Conventions and treaties in general in the internal legal system and to indicate the legal effect of ratified Conventions on Yugoslav legislation.<sup>1</sup> In other words, does ratification automatically change existing legislation, does it become part of that legislation, or must appropriate national regulations be promulgated in order to implement a particular Convention?

Legal opinion on this question has not been unanimous in Yugoslavia since the Second World War. Basically there are two concepts: the dualist and the monistic.

According to some theorists an international Convention does not automatically become part of national legislation: ratification alone does not change the internal legal system, and hence special provisions must be made to regulate the relations, that is to amend national legislation and thus ensure the application of the Convention.<sup>2</sup>

It should be pointed out that this concept reflects the lack of sufficient clarity and precision in the provisions of former Yugoslav Constitutions. For example in the Basic Act of 1953 on the bases of the social and political system it is merely stated that the Federal Assembly shall ratify international agreements concerning political and military co-operation and those that require the promulgation of new laws or the amendment of laws already in force. Other agreements shall be ratified by the Federal Executive Council.

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<sup>1</sup> On the general problem of the relationship between international labour legislation and national legislation, and the actual application of international standards, see N. VALTICOS: "Conventions internationales du travail et droit interne", in *Revue critique de droit international privé* (Paris), 1955, No. 2, and E. A. LANDY: "The effective application of international labour standards", in *International Labour Review*, Vol. LXVIII, Nos. 4-5, Oct.-Nov. 1953, pp. 346-363.

<sup>2</sup> This is the view of Professor Borislav Blagoev, for example. See B. BLAGOEV: "Međunarodne konvencije rada i njihova primena u unutrašnjem pravu" [International labour Conventions and their application under national law], in *Jugoslovenska revija za međunarodno pravo* (Belgrade), No. 3, 1961, p. 410.

Other theorists believe (and this is in accordance with the provisions of the Yugoslav Constitution and with opinion in the field of international law) that a decision by a competent body with regard to the ratification of an international treaty (for present purposes, an international labour Convention) has legal force, either as a law (if ratified by the Federal Assembly) or as a set of regulations (if ratified by the Federal Executive Council), and in both cases, once the texts have been ratified and published in the Official Gazette of the Socialist Federal Republic of Yugoslavia, they become provisions of national law.<sup>1</sup>

We may, then, conclude that in Yugoslavia a ratified international Convention acquires the force of law and is an integral part of national legislation. It becomes, in other words, a national law like any other, the only difference being that its terms are in fact the text of an international Convention. It has therefore to be implemented like any other piece of national legislation and is binding on state bodies, organisations where workers are employed, and private citizens—provided, of course, that the act of ratification, that is to say the law or regulation ratifying the Convention, has been published in the Official Gazette of the Republic, so that organisations, administrative bodies, the courts, and citizens in general may acquaint themselves with it as they do with any other text.

So much for national law. From the point of view of international law, this concept has an even deeper significance. In Yugoslav legal theory, a ratified international treaty (or ratified Convention) not only becomes part of national legislation but even acquires a higher authority in that it cannot be amended by later national legislation; otherwise there would be a breach of international law. In this, of course, it is quite different from domestic legislation. If there are two provisions in force, one of them national and the other international, then the international provision takes precedence, not only by virtue of the legal principle that *lex specialis derogat legi generali* but also by virtue of the principle that no national legislation can be intended to infringe an international provision.

This principle concerning international law is accepted in Yugoslav legal theory and also constitutes the country's official position as expressed in the Yugoslav draft Declaration on Rights and Duties of States, submitted to the fourth session of the General Assembly of the United Nations.<sup>2</sup>

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<sup>1</sup> This is the view expressed in November 1953 by the Legal Council of the State Secretariat for Foreign Affairs, in response to an inquiry made by the Yugoslav National Committee for the International Labour Organisation.

<sup>2</sup> *Arhiv za pravne i društvene nauke* [Archives of the juridical and social sciences] (Belgrade), 1949, No. 4, p. 530. See Resolution 375 (IV) (Draft Declaration of Rights and Duties of States) adopted on 6 December 1949 (United Nations: *Official Records of the Fourth Session of the General Assembly: Resolutions, 20 September-10 December 1949* (document A/1251, 28 Dec. 1949)).

Hence, if a national law is not in accordance with an international treaty (or international labour Convention) ratified by Yugoslavia, this law, although still in force, will not be applied in cases to which the treaty or Convention refers. However, such legislation is usually brought into line with the ratified treaty or Convention.

This is at present the prevailing view in Yugoslav legal theory.<sup>1</sup> It is confirmed by the 1963 Constitution, which repeats those provisions of the Constitutional Act of 1953 that concern competence for ratifying Conventions. However, the new Constitution also contains certain details not given in the previous Constitutions. Section 153 expressly provides that the courts shall directly apply published international treaties.

It is held that the obligation to promulgate new provisions exists in the case of Conventions that contain basic principles only, as well as for those that oblige member States to take action or provide for exceptions that call for the enactment of national legislation.

This does not, of course, mean that no new provisions must be enacted beforehand. The practice followed in Yugoslavia is, on the contrary, to propose the ratification of a Convention after making sure that provisions exist whereby it can be implemented. Similarly, the State can enact regulations on matters mentioned in the Convention but not dealt with in national legislation. However, even before this is done, the provisions of the Convention are implemented directly.

### **The influence of international labour standards on Yugoslav legislation**

The effect that the international labour standards set forth in Conventions and Recommendations can have on the legislation and practice of a country depends on the economic structure of that country, the level and pace of its social development, and other, similar factors. They undoubtedly have a decisive effect not only on the developing countries but also on those that already have long experience of social legislation. International labour Conventions and Recommendations contain standards and provisions of such a nature that any country could make use of them or apply them. Furthermore, each Convention or Recommendation is useful and has an influence even on member States who have not ratified or accepted it and hence have not committed themselves to implementing it.

As we have already seen, Yugoslavia, thanks to its socialist system, made great efforts after the Second World War to ensure the highest possible level of protection for the workers. Its social legislation may

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<sup>1</sup> In this connection see Milan BARTOŠ: *Medjunarodno javno pravo* [International public law] (Belgrade, 1954), pp. 41 ff.; Aleksandar BALTIĆ: *Osnovi radnog prava Jugoslaviji* [The foundations of labour law in Yugoslavia] (Belgrade, Savremena administracija, 1965), pp. 125-126; and Ratko PEŠIĆ: *Medjunarodne konvencije rada* [International labour Conventions] (Belgrade, Nova administracija, 1957), pp. 14-17.



be considered among the world's most progressive. Nevertheless, there is no doubt that international labour standards have exerted a considerable influence on Yugoslav legislation also.

True, this influence in the case of Yugoslavia has not had, and cannot have, the same effect as on other countries, since Yugoslav legislation already lays down standards relating to the most important problems arising in the field of labour and social policy. In many cases these standards go beyond those set forth in the Conventions and Recommendations. In ratifying and implementing the Conventions and accepting the Recommendations, Yugoslavia has been more concerned with making a positive contribution to the spreading of international labour standards, thus giving its backing to I.L.O. activities in this field.

However, in some cases the ratification of a Convention has made it possible to introduce certain principles into Yugoslav legislation—principles which have without the slightest doubt contributed to its development. In other cases the ratification of a Convention has exerted a more direct influence on internal legislation, either by leading to its amendment or by supplementing it with certain points not already provided for, or provided for but in such a manner that they could with advantage be brought into line with the spirit of the Convention. Thus the Conventions dealing with social security, especially the Social Security (Minimum Standards) Convention, 1952, were instrumental in introducing into national legislation a provision concerning optional insurance, and they have helped in defining more flexibly the qualifying period entitling a person to an old-age pension, in drawing up with more precision provisions governing equality of treatment between Yugoslav citizens and foreigners as regards social security, and so on. The Weekly Rest (Industry) Convention, 1921, helped in repealing the legislative provision whereby work done during the weekly rest day was to be compensated in cash, and in replacing it by a provision that such work entitled the worker concerned to a compensatory day of rest. The maritime Conventions and Recommendations have influenced legislation in accordance with the needs of today (provisions requiring vessels engaged in maritime navigation to carry a medicine chest and to be equipped for medical consultation by radio, for example). The various Conventions on the minimum age of employment have helped in raising the minimum age from 14 to 15 years in order to take account also of the higher school-leaving age. The Conventions forbidding night work by women and young persons have had a direct effect on national legislation, since the Basic Act respecting employment relationships embodies almost all the provisions of these Conventions, appropriately adapted to the specific conditions and the needs of the country. The Employment Service Convention, 1948, has also helped in broadening the duties of employment services and placement offices, especially as regards labour mobility, the composition of the labour force, and manpower reserves. The Conven-

tions in the field of human rights (Freedom of Association and Protection of the Right to Organise Convention, 1948; Right to Organise and Collective Bargaining Convention, 1949; and Forced Labour Convention, 1930) helped in introducing certain principles into the Constitution: freedom of association (article 40) and the prohibition of forced labour (article 36, paragraph 4)—though even without these provisions forced labour cannot exist under the Yugoslav socialist system. The Unemployment Indemnity (Shipwreck) Convention, 1920, has also had a direct effect on national legislation, since to give effect to its provisions it proved necessary to supplement the legislation relating to the assistance afforded to sailors who are unemployed as the result of shipwreck.

It should be observed that the influence of these and other Conventions on Yugoslav legislation, which has led to changes in and additions to existing provisions, has in the great majority of cases been the result of action taken by the Committee of Experts on the Application of Conventions and Recommendations.<sup>1</sup>

But the influence of international labour standards on Yugoslav legislation is not limited to what has been said above on the subject of ratified Conventions. Conventions and Recommendations in general, as an international labour code, have also had an effect. Their influence has been less patent, but it has—in our view—been even greater. They have affected the legislation not only of Yugoslavia but also of the other Members of the I.L.O. They exert—or should exert—a moral influence, pointing out the need to move forward in this field. Or, to be exact, international standards have influenced national legislation and national legislation has, in turn, influenced the adoption of international standards; there has been a reciprocal influence, the result of constructive co-operation between the various countries and the I.L.O. itself.

This general influence of Conventions and Recommendations on Yugoslav labour legislation shows in a variety of ways. It has shown positively, in the sense that international standards have always been taken into account when major laws were being framed. Thus, when the draft Basic Act respecting employment relationships (which came into force in April 1965) was being prepared, the technical services drew up, at the request of the Government, a table showing the international standards in each field. The intention was that the Act should take account of the principles set forth in the international standards, in so far as such standards suited national conditions, whether or not the standards appeared in Conventions ratified by Yugoslavia. Thus the national labour experts held a number of meetings under the auspices of the Yugoslav National Committee for the I.L.O.; they considered international labour Conventions in general, the possibility of further

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<sup>1</sup> See the reports submitted by the Committee of Experts on the Application of Conventions and Recommendations to the International Labour Conference at its 1953, 1955, 1956, 1957, 1958, 1959, 1960, 1964, 1966 and 1967 Sessions (Individual Observations).

ratifications by Yugoslavia, and the implementation of Conventions already ratified. At a special meeting held a few years ago, at which administrative services, seamen's trade unions and maritime interests were represented, the maritime Conventions adopted up to that time by the I.L.O. were considered. As a result, many of the relevant Conventions were proposed for ratification or actually ratified, conclusions were drawn up concerning the obstacles to the ratification of other Conventions, and amendments to existing national legislation were suggested to make it possible to implement the Conventions.

In 1965 at a meeting of the Federal Executive Council the general question of Conventions was examined, together with the question of ratifying Conventions adopted by the most recent sessions of the International Labour Conference.

Consideration of Conventions and Recommendations at so high a level proved useful in several respects: greater publicity was given to international labour standards, with the result that their influence on national legislation increased.

### **Ratified Conventions and their application**

#### **General observations**

Yugoslavia has so far ratified 52 Conventions. But two of them—the Night Work (Women) Convention, 1919, and the Night Work of Young Persons (Industry) Convention, 1919—are no longer in force in Yugoslavia, since they were later revised and the revised Conventions were ratified, namely the Night Work (Women) Convention (Revised), 1948, and the Night Work of Young Persons (Industry) Convention (Revised), 1948. Fifty ratified Conventions are therefore being applied in Yugoslavia, several of them among the most important ever to be adopted by the I.L.O.: the Freedom of Association and Protection of the Right to Organise Convention, 1948; the Right to Organise and Collective Bargaining Convention, 1949; the Forced Labour Convention, 1930; the Discrimination (Employment and Occupation) Convention, 1958; the Social Security (Minimum Standards) Convention, 1952; the Equal Remuneration Convention, 1951; the Labour Inspection Convention, 1957; the Employment Service Convention, 1948; the Holidays with Pay Convention, 1936; the Holidays with Pay (Agriculture) Convention, 1952; the Weekly Rest (Industry) Convention, 1921; the Weekly Rest (Commerce and Offices) Convention, 1957; the Maternity Protection Convention, 1919; the Maternity Protection Convention (Revised), 1952; the Unemployment Convention, 1919; the Equality of Treatment (Accident Compensation) Convention, 1925; and so on.



It should be pointed out that Yugoslavia was one of the first countries to ratify the Social Security (Minimum Standards) Convention, 1952. Generally speaking, it is among those States that have ratified the greatest number of Conventions.

It has also accepted 14 I.L.O. Recommendations.<sup>1</sup>

However, while the number of ratifications is impressive, it is not as great as it could be, given the progress made in Yugoslav social legislation and the Government's determination to accept and apply international labour standards. This is to be explained by the caution displayed by the Government when it comes to ratifying Conventions: it is not in favour of ratifying at all costs merely for the sake of increasing the number of ratifications; it endeavours first of all to create conditions under which Conventions can effectively be implemented; only then does it propose their ratification.

Some Conventions have not been ratified because they are not applicable in Yugoslavia, in particular those relating to non-metropolitan territories and to newly independent countries. It has proved impossible to ratify certain others for a variety of reasons, even though the standards embodied in Yugoslav legislation are considerably higher than those laid down in the Conventions concerned. One reason is that some Conventions are not appropriate to Yugoslavia's economic and social system—those relating to minimum wage fixing machinery, for example. In Yugoslavia there is no system of wages and salaries but a special system for the apportionment of income in accordance with the work done. Another reason is that numerous Conventions are not limited to basic standards but contain, in addition, detailed provisions that do not exist in Yugoslav legislation, making ratification impossible. This applies, for example, to the 1933 Conventions dealing with invalidity, old-age, and survivors' insurance; these could not be ratified, since they provide for 'voluntary continuation of insurance or maintenance of acquired rights by the periodical payment of a fee: such rules do not exist under the Yugoslav system. The Conventions dealing with the medical examination of young persons could not be ratified either—even though Yugoslavia pays special attention to the protection of youth—since the Conventions call for free medical examinations, whereas in Yugoslavia such consultations have to be paid for by the workers. These Conventions also provide for vocational guidance and rehabilitation for young persons found unfit for work; there is no such provision under Yugoslav legislation. Similarly, the Unemployment Provision Convention, 1934, could not be ratified despite the fact that Yugoslav legislation is very progressive in this field;

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<sup>1</sup> Holidays with Pay (Agriculture), 1952; Maternity Protection, 1952; Minimum Age (Coal Mines), 1953; Protection of Workers' Health, 1953; Holidays with Pay, 1954; Vocational Rehabilitation (Disabled), 1955; Welfare Facilities, 1956; Migrant Workers (Underdeveloped Countries), 1955; Vocational Training (Agriculture), 1956; Ships' Medicine Chests, 1958; Medical Advice at Sea, 1958; Seafarers' Engagement (Foreign Vessels), 1958; Social Conditions and Safety (Seafarers), 1958; Discrimination (Employment and Occupation), 1958.

the Convention lays down that benefit shall be payable irrespective of the needs of the claimant, whereas under Yugoslav legislation, because of the structure of the country's labour force, there are certain restrictions in this connection.

The most typical example of ratification proving impossible for similar—although minor—reasons is afforded by the Conventions dealing with hours of work. The I.L.O. has adopted more than 13 such Conventions; up to 1961 Yugoslavia had not even ratified one. It was not until 1961 that the first and only such ratification was made, the instrument concerned being the Wages, Hours of Work and Manning (Sea) Convention (Revised), 1958. However, from the end of the Second World War onwards, national legislation incorporated the basic principles of these Conventions, that is the eight-hour day and the 48-hour week, as provided for by the Hours of Work (Industry) Convention, 1919. Furthermore, the 1963 Constitution and the Basic Act respecting employment relationships laid down that weekly hours of work should not exceed 42.<sup>1</sup> However, ratification of these Conventions, even of the Hours of Work (Industry) Convention, was prevented by the fact that existing legislation governing overtime, particularly in the transport sector (in connection with running time), was often in conflict with their provisions.

Lastly, it should be emphasised that in recent years a series of laws has been promulgated, which, taken together with previous regulations, provides solid grounds for envisaging the possibility of ratifying a number of Conventions and accepting certain Recommendations, especially those adopted at recent sessions of the International Labour Conference—for example the Radiation Protection Convention, 1960; the Guarding of Machinery Convention, 1963; the Hygiene (Commerce and Offices) Convention, 1964; the Employment Injury Benefits Convention, 1964; the Employment Policy Convention, 1964; and the Minimum Age (Underground Work) Convention, 1965. An even greater number of Recommendations could be considered for acceptance.<sup>2</sup>

Definite steps in this connection were taken in 1966, when the competent authorities submitted a report to the Federal Executive Council containing proposals with regard to the Conventions and Recommendations in question. The Federal Executive Council examined this report but postponed its decision, since economic and social reforms were afoot and obviously enjoyed priority.

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<sup>1</sup> This is a first step towards the introduction of a 40-hour week. In the circumstances it would obviously be illogical and undesirable to ratify the Hours of Work (Industry) Convention, 1919.

<sup>2</sup> Occupational Health Services, 1959; Radiation Protection, 1960; Workers' Housing, 1961; Vocational Training, 1962; Termination of Employment, 1963; Guarding of Machinery, 1963; Hygiene (Commerce and Offices), 1964; Employment Injury Benefits, 1964; Employment Policy, 1964; Employment (Women with Family Responsibilities), 1965; Minimum Age (Underground Work), 1965; Conditions of Employment of Young Persons (Underground Work), 1965.

## **Fields covered by ratified Conventions and their application**

### **CONDITIONS OF LIFE AND WORK OF SEAMEN**

Sixteen Conventions relating to seamen represent the largest group of instruments ratified by Yugoslavia.<sup>1</sup>

Among them those relating to minimum age and to working conditions at sea for children and young persons were the subject of no special comment by the Committee of Experts. The Basic Act respecting employment relationships (section 19, subsection 2) and the previous Act of 1957 expressly lay down that 15 years shall be the minimum age for employment in an organisation where workers are employed.

The Basic Act also specifies (section 19, subsection 3) that organisations may, in their by-laws or other general administrative rules, lay down special conditions in which a higher age shall be obligatory. In the same way the general regulations on health and technical protection specifically lay down that only persons in good health, with the requisite qualities and the necessary training may be employed as ship's stokers or trimmers.

As regards the Medical Examination of Young Persons (Sea) Convention, 1921, and the Medical Examination (Seafarers) Convention, 1946, the Basic Act respecting the medical supervision of crews in the Yugoslav merchant marine, of 24 February 1965, lays down in section 3 that members of the crew must undergo a medical examination both before embarkation and during the period spent on board. These examinations are periodical. Section 4 lays down that nobody may be employed at sea unless a medical examination has shown that he is in good health and fit for work aboard. Only in an emergency is it permitted to recruit a person not possessing a medical certificate and then only for a single voyage and with the approval of the competent maritime authorities. Section 5, subsection 2, lays down that medical examinations must take place from time to time and not more than two years after the first examination.

Section 10 specifies that the medical certificate is valid for two years only; should it expire during a voyage it can be prolonged until the voyage is over.

This shows that merchant marine organisations are obliged by law to check the state of health of crews, which is the chief aim of the Conventions. The above-mentioned provisions are entirely in accordance

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<sup>1</sup> Minimum Age (Sea), 1920; Placing of Seamen, 1920; Minimum Age (Trimmers and Stokers), 1921; Medical Examination of Young Persons (Sea), 1921; Seamen's Articles of Agreement, 1926; Repatriation of Seamen, 1926; Marking of Weight (Packages Transported by Vessels), 1929; Officers' Competency Certificates, 1936; Sickness Insurance (Sea), 1936; Minimum Age (Sea) (Revised), 1936; Certification of Ships' Cooks, 1946; Medical Examination (Seafarers), 1946; Certification of Able Seamen, 1946; Paid Vacations (Seafarers) (Revised), 1949; Accommodation of Crews (Revised), 1949; Wages, Hours of Work and Manning (Sea) (Revised), 1958.



with the Medical Examination (Seafarers) Convention, 1946, but not with the Medical Examination of Young Persons (Sea) Convention, 1921. Yugoslav legislation calls for a medical examination every two years, whereas the latter Convention specifies an examination at intervals of not more than one year. Hence, if the Convention is to be applied it will be necessary to bring existing legislation into line.

The application of the Placing of Seamen Convention, 1920, is provided for by section 14 of the Workers' Employment Service Act<sup>1</sup> dated 2 July 1960, so that there is no problem here.

The application of the Repatriation of Seamen Convention, 1926, is ensured by sections 12, 13, 14 and 15 of the 1965 Act respecting crews of ships of the Yugoslav merchant marine. These sections are drafted in the spirit of Articles 3, 4, 5 and 6 of the Convention—an example of the direct influence a Convention can have on national legislation.

The application of the Marking of Weight (Packages Transported by Vessels) Convention, 1929, is fully ensured by a Decision issued on 24 June 1955. This is another clear example of the effect a ratified Convention can have on the promulgation of national regulations.

The application of the Officers' Competency Certificates Convention, 1936, and the Certification of Ships' Cooks Convention, 1946, is ensured by the above-mentioned Act respecting ships' crews, an Act of 1965 respecting the registration of ships, and an Act of 1965 respecting shipping.

The Sickness Insurance (Sea) Convention, 1936, is applied by virtue of the Health Insurance Act dated 24 May 1962<sup>2</sup>, as amended and supplemented on 4 April 1965.

On the other hand, some little difficulty has been encountered in giving effect to the Seamen's Articles of Agreement Convention, 1926. The discrepancies between national regulations and the Convention might seem formal only, but in fact they concern a point of substance. The Convention calls for a written and signed agreement between the ship-owner and the seaman, setting forth particulars on the basic conditions of employment. This requirement certainly meets a need encountered in the special conditions that obtain under the systems in force in other countries. In Yugoslavia the new Basic Act respecting employment relationships does not provide for any such agreement. A seaman is recruited by the decision of a community of workers or of the body responsible for recruiting members of the community concerned. Under the Yugoslav system of workers' self-management, whereby the workers themselves decide on their conditions of employment, rights and obligations (always, of course, subject to the law), a contract of employment presupposing the existence of two parties would be pointless. This is, without any doubt, the simplest and most democratic means of determin-

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<sup>1</sup> I.L.O.: *Legislative Series*, 1960—Yug. 1.

<sup>2</sup> *Ibid.*, 1962—Yug. 1.

ing conditions of employment. Hence, although the obligation laid down in the Convention (that there shall be a written agreement) is not formally complied with, its aim (a guarantee of conditions of employment) is fully met.

#### SOCIAL SECURITY

Yugoslavia has ratified eight Conventions<sup>1</sup> in this field.

Application of these Conventions is ensured by the Health Insurance Act of 1962, as amended and supplemented in 1965 and 1966, the Invalidity Insurance Act of 1965, as amended and supplemented in 1966, and the Basic Act of 1964 respecting pension insurance<sup>2</sup>, amended and supplemented in 1965 and 1966.

Ratification of these Conventions has not required the adoption of any fresh regulations, and no difficulty has been encountered in their implementation.

#### PROTECTION OF WOMEN AND YOUNG PERSONS

In this field Yugoslavia has ratified seven Conventions.<sup>3</sup>

The application of the two Conventions dealing with maternity protection is ensured by the Basic Act respecting employment relationships and the Health Insurance Act.

Under the first of these Acts a female worker is entitled in the event of pregnancy and confinement to at least 105 days' maternity leave without interruption (section 1 of the 1966 Act amending the Basic Act). During her maternity leave a female worker receives an allowance equal to 100 per cent. of her average earnings if she has been insured for at least six months without interruption or 12 months with interruptions during the two years preceding confinement, or to 80 per cent. of her average earnings if she has been insured for less than this. A nursing mother is entitled to a reduction in hours of work until her infant is eight months old.

The application of the Underground Work (Women) Convention, 1935, is ensured by section 33 of the Basic Act respecting employment relationships.

The application of the Night Work (Women) Convention (Revised), 1948, is ensured by section 53 of the Basic Act. This section is drafted in

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<sup>1</sup> Workmen's Compensation (Agriculture), 1921; Workmen's Compensation (Accidents), 1925; Workmen's Compensation (Occupational Diseases), 1925; Equality of Treatment (Accident Compensation), 1925; Sickness, Insurance (Industry), 1927; Sickness Insurance (Agriculture), 1927; Maintenance of Migrants' Pension Rights, 1935; Social Security (Minimum Standards), 1952.

<sup>2</sup> I.L.O.: *Legislative Series*, 1964—Yug. 1.

<sup>3</sup> Maternity Protection, 1919; Minimum Age (Industry), 1919; Underground Work (Women), 1935; Night Work (Women) (Revised), 1948; Night Work of Young Persons (Industry) (Revised), 1948; Equal Remuneration, 1951; Maternity Protection (Revised), 1952.

the spirit of the Convention; here, once more, is a most striking example of the direct effect of a ratified Convention on Yugoslav legislation.

The application of the Equal Remuneration Convention, 1951, is ensured in accordance with the principles of self-management and the distribution of income according to the work done, as set forth in the 1963 Constitution. Article 12 of the Constitution provides that every person working in an organisation shall be entitled to a personal income corresponding to the results of his work, the work of his economic unit<sup>1</sup> and the work of the organisation as a whole. Article 33 lays down that all citizens have equal rights and duties, without regard to differences of nationality, race, creed, sex, language, education, or social status.

The application of the Conventions dealing with the protection of young persons is also ensured by the Basic Act respecting employment relationships. But its provisions are not entirely in accordance with the Night Work of Young Persons (Industry) Convention (Revised), 1948, contrary to what had been the case under previous legislation. Section 54, subsection 2, of the Basic Act lays down that workers who have reached the age of 17 years may, exceptionally, be assigned by the community of workers to night work if it is necessary to prevent damage to raw materials or other products. No such exception is provided for under the Convention.<sup>2</sup> Hence certain changes will be required in the Basic Act.

#### HUMAN RIGHTS AND RIGHTS OF THE WORKER

In this field Yugoslavia has ratified five Conventions.<sup>3</sup>

Their application is ensured by the 1963 Constitution, the Basic Act respecting employment relationships, the Basic Act of 1965 respecting the association of citizens, the statutes of the Central Council of the Federation of Yugoslav Trade Unions and those of the federations of trade unions in the various republics.

It should be observed first of all that the new Constitution pays particular attention to the position of the worker. It lays down the principle that work is the only source of a worker's social status and the only factor entitling him to share in administering the assets owned by the community. This excludes discrimination and exploitation in any shape or form. In addition, the new Constitution guarantees the right to work and freedom of labour and expressly prohibits forced labour.

The Constitution guarantees freedom of the press and freedom of association, freedom of speech and public expression, and freedom to hold meetings and other public gatherings.

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<sup>1</sup> See footnote 4 on p. 446 above.

<sup>2</sup> This is the meaning of a comment made by the Committee of Experts on the Application of Conventions and Recommendations.

<sup>3</sup> Right of Association (Agriculture), 1921; Forced Labour, 1930; Freedom of Association and Protection of the Right to Organise, 1948; Right to Organise and Collective Bargaining, 1949; Discrimination (Employment and Occupation), 1958.



It authorises the workers freely to set up trade unions so as to contribute as directly as possible to the achievement of sound labour relations within the framework of social management, to the training of workers and to measures to protect their interests and to improve their conditions of life and work.

It states that all citizens are entitled, under equal conditions determined by the law, to acquire knowledge and training in schools and other educational institutions.

The Basic Act respecting employment relationships, like the Constitution, lays down that all workers enjoy the same rights, without regard to nationality, race, creed, sex, language, education, social status, or membership of a particular organisation.

The application of the human rights Conventions has given rise to certain comments by the Committee of Experts on the Application of Conventions and Recommendations, especially as regards the guarantee of freedom of association for farmers and other persons who are not employees.

#### HOLIDAYS WITH PAY AND WEEKLY REST

Four Conventions have been ratified in this field.<sup>1</sup>

Those dealing with annual paid leave have not necessitated the promulgation of any new provisions. At present their application is ensured by sections 62 to 70 of the Basic Act respecting employment relationships, which lay down maximum and minimum annual leave, leaving the community of workers to fix the length of a worker's leave on the basis of his working conditions and the length of his qualifying period of employment. The Act provides for longer leave for young persons, as required by the Convention.

As already pointed out, the application of the Conventions dealing with weekly rest has necessitated a change in national provisions, especially as regards the grant of compensatory rest, should the normal weekly rest for any reason be reduced or suspended. Thus the Basic Act obliges communities of workers to grant their members another day of rest in the week, whenever this occurs.

#### EMPLOYMENT AND UNEMPLOYMENT

Three Conventions have been ratified in this field.<sup>2</sup>

The Unemployment Convention, 1919, and the Employment Service Convention, 1948, did not require the adoption of new provisions,

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<sup>1</sup> Weekly Rest (Industry), 1921; Holidays with Pay, 1936; Holidays with Pay (Agriculture), 1952; Weekly Rest (Commerce and Offices), 1957.

<sup>2</sup> Unemployment, 1919; Unemployment Indemnity (Shipwreck), 1920; Employment Service, 1948.

although the latter Convention had a considerable influence as regards the terms of reference of the employment service provided for in the Basic Act respecting the organisation and financing of placement. This Act ensures the application of the two Conventions.

The Unemployment Indemnity (Shipwreck) Convention, 1920, necessitated some amendment of the provisions relating to protection against unemployment. Thus the regulations governing merchant marine ships' crews were amended in 1956 to provide sailors with an unemployment allowance equivalent to two months' earnings at least, as provided for in the Convention. This provision was embodied in the Act respecting crews of ships of the Yugoslav merchant marine, adopted on 17 February 1965.

#### CONDITIONS OF WORK OF FISHERMEN

In this field three Conventions have been ratified.<sup>1</sup>

Their application is ensured by the legislation regulating the work of seafarers.

#### PROTECTION AGAINST WHITE LEAD, AND LABOUR INSPECTION

The application of the White Lead (Painting) Convention, 1921, is ensured by the Decision, dated 23 June 1955, on the use of white lead and lead sulphate in painting. Section 1 of this Decision prohibits the use of such substances in general, and all products containing them, in the internal painting of buildings (walls, floors, equipment, and so on).

The Labour Inspection Convention, 1947, is certainly one of the most important instruments ever adopted by the General Conference of the International Labour Organisation. Its application is ensured by the Basic Act respecting the protection of labour<sup>2</sup> promulgated in 1965, the Basic Act respecting employment relationships (section 119), and the instructions on labour inspectors' identity cards.<sup>3</sup>

The Basic Act respecting the protection of labour lays down the basic principles governing labour inspection and defines the procedures and powers of labour inspection authorities.

It provides that inspection authorities shall be independent in the exercise of their functions, this being a most important factor in the success of their work. Moreover, it guarantees a measure of independence for the individual inspector, which shows in the power that is granted to him to decide on certain sanctions in the event of infringements.

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<sup>1</sup> Minimum Age (Fishermen), 1959; Medical Examination (Fishermen), 1959; Fishermen's Articles of Agreement, 1959.

<sup>2</sup> I.L.O.: *Legislative Series*, 1965—Yug. 3.

<sup>3</sup> These instructions were published in the Official Gazette (*Službeni List S.F.R.J.*, No. 15, 1960).

It should be observed that the Act fixes the organisation and jurisdiction of the inspectorate at the federal level, while regulations for these questions are also made in the legislation of each of the republics.

The Act defines the powers of labour inspection authorities with respect only to its own provisions and such other legal texts as may concern labour protection. It does not deal with employment relations, since the responsibilities and functions of inspectorates in this field are quite different. It is the management bodies of the workers' communities—that is to say the workers themselves—that are empowered to deal with questions concerning employment relationships and to ensure that their rights are being respected; this they do independently, although always, of course, subject to the law. The labour inspection authorities can of course make approaches to the management bodies, but they have no powers of decision. Should their approaches fail to have an effect, all they can do is to inform the workers of their rights and point out the possibility of taking proceedings before a court.

### **General conclusions**

As we have already indicated, Yugoslavia has ratified 52 Conventions and applies 50 of them. It can thus be noted that it is well placed among the countries with the highest number of ratifications. Of the 118 member States of the International Labour Organisation, only 12 have ratified more.

Thirty-one of the 52 Conventions were ratified by the new Yugoslavia and 21 by pre-war Yugoslavia. The new Yugoslavia has continued the obligations deriving from the Conventions ratified by the old.

It was the new Yugoslavia that accepted all the Recommendations mentioned earlier. This shows that the country pays great attention to I.L.O. Recommendations and considers them to be as important as Conventions.

In short, Yugoslavia has made great progress in the ratification and application of international standards. The Conventions it has ratified fall into the following categories: 16 relating to the conditions of life and work of seamen (out of the 28 adopted by the International Labour Organisation in this field); eight in the field of social security; seven in the field of the protection of women and young persons; five relating to human rights and the rights of the worker; four dealing with paid leave and weekly rest; three concerning employment and unemployment; three in the field of the conditions of work of fishermen; two dealing with labour protection and labour inspection; and two relating to the revision of Conventions.

Account is taken of international labour Conventions—that is of the standards they embody—as soon as they have been ratified and thus



become an integral part of the Yugoslav legal system. Some have had a more direct influence on Yugoslavia's national legislation, leading to the amendment or completion of certain points.

It should, however, be pointed out that unratified Conventions also have a definite influence on Yugoslav legislation; the standards they lay down are always taken into consideration when important laws are being drafted. International labour Conventions have undoubtedly contributed to a greater or lesser extent to the progress of the country's labour legislation.

However, it should be emphasised that in Yugoslavia it is not only the rules of federal law that govern employment relationships and labour law. Each republic has its own legislation in this field—a feature that has recently become more accentuated. Thus federal legislation tends more and more to confine itself to laying down the basic principles in a given field, leaving it to the legislation of each republic to make more detailed and complex regulations. Moreover, each organisation where workers are employed is authorised, under the new Constitution and the Basic Act respecting employment relationships, to lay down its own independent rules concerning relationships between workers, their rights and obligations and their conditions of work in general. It can be expected that this situation may well give rise to problems and difficulties in the application of ratified Conventions.

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# Manpower Planning in the Context of Perspective Economic Planning in Pakistan

A. S. BHALLA <sup>1</sup>

THE MAIN PURPOSE of this paper is to carry out an analysis of manpower planning within the framework of economic planning. It is assumed that the process of planning is divided into a number of stages. Admittedly, in most developing countries the exercise of planning is in practice never very comprehensive and detailed and does not always follow a stage-by-stage method. Nevertheless, this method has something to commend it for purely analytical, if not practical, purposes.

This represents, then, an experimental approach to the empirical integration of manpower planning with the process of long-term economic planning.<sup>2</sup> The choice of Pakistan as a country for study is guided by the availability of relatively detailed and disaggregated data in a tentative document on Pakistan's Perspective Plan.<sup>3</sup> The Third Five-Year Plan<sup>4</sup> of Pakistan, which came out after the preparation of this document, marks the beginning of the Perspective Plan for the period 1965-85

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<sup>1</sup> International Labour Office.

<sup>2</sup> Although in this paper it is assumed that manpower planning is carried out as an integral part of over-all planning, it is worth pointing out that the former can be carried out independently of the latter. It has also been suggested that it might be considered "whether economic planning should be integrated with human resources planning rather than vice versa". See F. HARBISON: *Educational planning and human resource development* (Paris, U.N.E.S.C.O., International Institute for Educational Planning, 1967), p. 33.

<sup>3</sup> United Nations, Economic Commission for Asia and the Far East, Fourth Group of Experts on Programming Techniques: Long-term Projections of the E.C.A.F.E. Region (16 June-7 July 1964): *Pakistan's Perspective Plan (1965-85)*. The latter is based on two documents on economic growth models, viz. *Growth model for the Pakistan economy* and *Long-term perspective for the Pakistan economy*, prepared by the Harvard Advisory Group for the Pakistan Planning Commission. The growth model is basically a seven-sector Leontief-type input-output matrix, which contains 98 equations and 105 variables, of which seven are chosen as exogenous. The matrix assumes constant technical coefficients and does not include manpower demand equations.

<sup>4</sup> Government of Pakistan: *The Third Five-Year Plan (1965-70)* (June 1965).

and includes projections for population, labour force, employment and output, etc., over these 20 years. The earlier Perspective Plan estimates were modified by the Pakistan planners in the light of revised national objectives and policies. It is, however, admitted that "most of the thinking of this model [i.e. the Perspective Plan] is still tentative and many of the magnitudes will be firmed up only after further studies have been carried out".<sup>1</sup> In the present paper it is primarily the earlier estimates that are used, since they are more disaggregated and thus more suitable for our purpose.

### **Summary of the manpower and employment situation**

The starting point of the manpower planners' task is usually to assess the present size of the population and labour force and their distribution by age and sex. Pakistan is well supplied, at least quantitatively, with these sets of statistics and with projections over the Perspective Plan period (1965-85). According to the 1961 census, out of the total population of 90.2 million <sup>2</sup> only about 30.2 million constituted the labour force, of which only 3.8 million were females.<sup>3</sup> A later study by the Pakistan Planning Commission <sup>4</sup> revealed that the population figures of the 1961 census were too low. The correct figure for the total population was estimated to be 101.5 million. This correction seems to have taken account mainly of non-reported areas and populations. The basis for assuming the amount of undercount is not known. The divergencies in the estimates may be due both to underenumeration and the misreporting of data. According to a recent study <sup>5</sup>, adjusting the age and sex data for Pakistan for 1961 would add at least another 1.2 million to the total population of 101.5 million. If there is significant misreporting of age, the composition of the base population may be seriously distorted. However, the Planning Commission has projected the population and labour force over the period 1965-85 on the basis of the revised estimate of 101.5 million.<sup>6</sup>

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<sup>1</sup> Ibid., p. 18.

<sup>2</sup> This figure excludes non-Pakistanis and the population of the Agencies Added and Special Areas of Frontier Regions in West Pakistan.

<sup>3</sup> The majority of the non-economically active females are engaged in household work. Of the 3.8 million *active* females, 2.6 million are family workers. The low proportion of females seeking outside work is due partly to religious traditions and partly to the lack of employment opportunities.

<sup>4</sup> Population Projections for Pakistan Planning Commission Perspective Planning Section, November 1963.

<sup>5</sup> J. W. BRACKETT and D. S. AKERS: *Projections of the population of Pakistan, by age and sex: 1965-1986. A measure of the potential impact of a family planning program* (Washington, D.C., U.S. Department of Commerce, Bureau of the Census, June 1965).

<sup>6</sup> The Planning Commission on the one hand and the Ministry of Home Affairs and Central Statistical Office on the other estimate population on somewhat different assumptions of fertility and mortality rates. This may partly explain the difference between the two estimates.



Even if one assumes that the population base is adequate for projection, the rates of growth may be uncertain.<sup>1</sup>

Perhaps one of the most difficult types of information to obtain is the extent of unemployment and underemployment in the country. Underemployment appears to be more serious and widespread in rural areas. According to the Third Plan, "rough estimates indicate that unemployment and underemployment together amounted to approximately 5.6 million idle man-years in 1950, increasing to 7.5 million at the beginning of the Second Plan [i.e. 1960-61]".<sup>2</sup> The estimates for 1950 were based on the assumption that "during the 1950s, less than 70 per cent. of the increasing labour force was being absorbed by the pace of the development programme".<sup>3</sup> For 1965 the labour force was estimated at about 37 million workers, of whom over 20 per cent. would be idle if the rest were to be fully employed. In absolute magnitude, unemployment in 1965 would therefore be of the order of 7.5 million. This figure coincides with the one given for 1960-61 and implies that there was no increase in unemployment during the Second Plan (1960-65).<sup>4</sup>

Projections have also been made of employment and unemployment over the period of the Perspective Plan. According to initial estimates, 28.3 million additional jobs are expected to be created over this period, reducing unemployment from 21.5 per cent. in 1965 to 3.7 per cent. in 1985.<sup>5</sup> In fact the Third Five-Year Plan aims at the creation of 30 million additional jobs during 1965-85. But because of the upward revision of the labour force projection this additional employment would not reduce the rate of unemployment to 3.7 per cent. but leave it slightly higher at 4 per cent. (see tables I and IA).

Hardly any data are available on the educational characteristics of the unemployed, that is on the structure of unemployment by levels and types of education. Such data can indicate whether higher education and/or one type of education in preference to another raises the employability of a person, in other words whether education tends to prepare persons for the type of jobs that are created in the process of development and, if so, what type of education. Information on the educational level and background of the unemployed may also facilitate planning for the investment of scarce resources in primary, secondary and higher education.

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<sup>1</sup> According to BRACKETT and AKERS, *op. cit.*, the total population of Pakistan in 1985 will be in the range of 210-230 million, compared with the Planning Commission estimates of 186-199 million (table I below).

<sup>2</sup> *The Third Five-Year Plan*, *op. cit.*, p. 14.

<sup>3</sup> *Ibid.*, p. 36.

<sup>4</sup> A view supported by the following statement: "During the Second Plan, this trend [lack of absorption of new entrants to the labour force] seems to have been reversed, and sufficient employment opportunities were created to absorb the additions to the labour force." (*The Third Five-Year Plan*, *op. cit.*, p. 14).

<sup>5</sup> *Pakistan's Perspective Plan (1965-85)*, *op. cit.*

The 1961 census is the principal and most recent source of information on the labour force structure including its distribution by occupational categories, branches of economic activity, and levels of educational attainment. These three-dimensional data are extremely useful for manpower and educational planning. The percentage distribution of each occupational category among various sectors helps to determine whether particular occupational skills are concentrated in a few sectors or are widely dispersed among all different sectors. In Pakistan there is a very high degree of concentration of "high-level manpower" (i.e. professional, technical, administrative and managerial personnel) in the services sector. This sector alone accounts for 95 per cent. of all professional and technical personnel, most of them being employed in education, religion and the health services. Relatively few high-level personnel are absorbed in manufacturing and in tertiary sectors other than those just mentioned, such as transport and communications. Clearly, these occupational categories would be highly sensitive to planned sectoral changes, especially to the expansion of the manufacturing sector, during the Perspective Plan.

The occupational distribution within each sector indicates that in the manufacturing sector no more than 0.2 per cent. of employment consisted of professional and technical personnel. The proportion of administrative and managerial workers was also quite small (1 per cent.) as compared with 3.4 per cent. in construction and 7.3 per cent. in finance. This low proportion of high-level manpower in manufacturing could be due to a number of reasons. First, the production process workers may be in relatively greater supply—a case of supply effects on amount demanded<sup>1</sup>—than the professional and technical personnel, who may be scarce in the entire economy. Secondly, the techniques of production in use could keep the requirements for high-level technical manpower rather low. Thirdly, the composition of the manufacturing sector may be such that it is largely constituted of fairly small-sized establishments rather than big industrial concerns and corporations, which have relatively much greater need of professional, technical and managerial skills.

The distribution of occupations by level of education and of employment by sector and by level of education indicate (a) the degree of concentration or dispersion of the stock of educated manpower among occupations, and (b) any sectoral differences in the educational background of workers in given occupational groups. In Pakistan in 1961 the majority of "matriculates" (secondary-school graduates) were absorbed in clerical (47.5 per cent.) and in professional and technical (24.1 per cent.) occupations. As should be expected, the university gradu-

<sup>1</sup> In Yugoslavia changes in the educational system resulted in a large increase in the relative supply of workers with higher educational qualifications during the period 1956-60. In 1960 this increase was reflected in the rising proportion of personnel with high qualifications in the total labour force. See O.E.C.D., *Mediterranean Regional Project: Country reports: Yugoslavia* (Paris, 1965), pp. 82-96; and Robinson HOLLISTER: *A technical evaluation of the first stage of the Mediterranean Regional Project* (Paris, O.E.C.D., 1966), pp. 20-24.

ates were concentrated in professional, technical, administrative and managerial occupations. But for these occupations the proportion represented by graduates was as low as 11.9 per cent. Moreover, not more than 49 per cent. of all the degree holders were in professional occupations, and more than 25 per cent. were employed in clerical occupations.

The bulk of the university graduates (76.8 per cent.) were in the services sector, especially in education and government services. Manufacturing employed no more than 6.9 per cent. of all the graduates. Other branches of economic activity such as construction, transport and communications, and public utilities absorbed very few persons with university education.

A number of factors, e.g. lack of mobility, low incentives for employment in certain "low-prestige" sectors, and deficiencies in the educational system, may account for the very uneven educational distribution among

TABLE 1. PLANNED GLOBAL TARGETS, 1965 TO 1985, AT 1964-65 PRICES

Key magnitudes	Year					Annual compound rate of growth (percentage)
	1965	1970	1975	1980	1985	
G.N.P.(Y) (million rupees) .	42 700	56 000	74 500	102 500	145 000	6.3
Plan investment (ΔK) (million rupees) . . . . .	6 800	10 500	15 000	23 000	34 700	8.5
Total consumption (Y-ΔK) (million rupees) . . . . .	35 900	45 500	59 500	79 500	110 300	5.7
Population (million) <sup>1</sup>	115.0	130.7	149.7	172.5	199.3	2.7
Labour force (million man-years) . . . . .	37.2	41.4	46.4	52.8	59.7	2.5
Employment (million man-years) <sup>2</sup> . . . . .	29.2	33.2	39.6	47.3	57.5	3.4
Unemployment as percentage of labour force <sup>3</sup> . .	21.5	19.7	14.5	10.6	3.7	—

Source: United Nations, Economic Commission for Asia and the Far East, Fourth Group of Experts on Programming Techniques: Long-Term Projections of the E.C.A.F.E. Region (16 June-7 July 1964): *Pakistan's Perspective Plan (1965-85)*.

<sup>1</sup> The population projections are based on the assumption of constant fertility and constant mortality. <sup>2</sup> The projections of employment are calculated on the basis of estimates of "elasticity of labour productivity to output" (see Appendix I of the source). <sup>3</sup> The term "unemployment" means full-time equivalent of total unemployment plus underemployment.



sectors. Lack of inter-sectoral mobility in Pakistan seems to be due, by and large, to the traditional preference of university graduates for employment in government service to that in private industry. This preference is motivated partly by financial considerations (relatively higher salaries in the civil service)<sup>1</sup> and partly by non-financial ones (e.g. security of tenure). Low employment of university graduates in manufacturing may also be due to inadequacies in the education system. It may well be that the education system does not prepare students for the new jobs that are being created in industry. Experience of many developing countries reveals that private employers in industry are often disinclined to recruit graduates with formal technical education on grounds of unsuitability.

Complete information on the existing stock of trained manpower is not available. However, according to the Second Plan<sup>2</sup> of Pakistan, about 2,400 graduate engineers, architects and surveyors and 3,000 diploma-level technicians were expected to be trained during the plan period 1960-65. Evidently, these figures represent an addition to the total stock during the Plan. As against this, nearly 4,000 graduate engineers

TABLE I A. THIRD PLAN PROJECTIONS, 1965 TO 1985

Key magnitudes	Year					Annual compound rate of growth (percentage)
	1965	1970	1975	1980	1985	
G.N.P. <sup>1</sup> (million rupees) .	45 540	62 765	89 815	129 690	187 300	7.2
Plan investment <sup>2</sup> (million rupees) .	8 400	12 700	19 180	28 650	42 800	8.5
Population <sup>3</sup> (millions) . . . .	113.0	128.5	146.1	166.1	186.1	2.6
Labour force (million man-years) . . . . .	37.2	41.4	46.7	54.0	62.3	—
Unemployment as percentage of labour force . . .	20	15	5	5	4	—

Source: Government of Pakistan: *The Third Five-Year Plan (1965-70)* (June 1965), pp. 19 and 25.

<sup>1</sup> At market prices.    <sup>2</sup> At 1964-65 prices.    <sup>3</sup> Projections are based on the assumption of declining fertility and mortality rates.

<sup>1</sup> Salaries in the civil service may not be higher than those offered by foreign private companies, e.g. petroleum companies, but they are generally higher than those offered by indigenous private industry.

<sup>2</sup> Government of Pakistan: *The Second Five-Year Plan (1960-65)* (June 1960), p. 370.

of various types and 13,700 diploma-level craftsmen were required by the end of the Plan. These estimates, rough and tentative though they are, indicate the existence of a serious imbalance between the requirements and supply of trained manpower. Clearly, there is an urgent need for manpower planning in order to achieve the objectives and targets of any economic plan.

In the pages that follow, the consequences of changes implied in the Perspective Plan and their effects on future manpower requirements are analysed. The Perspective Plan estimates, especially those of changes in the size of the total population and labour force, in the number of jobs, etc., are based on the validity of the basic data. As noted earlier there are, however, inherent inadequacies and weaknesses in the basic data on total population in particular. No claim can therefore be made for the accuracy or reliability of the data used and the results obtained in this paper. It may well be that our results considerably understate the actual situation. Our quantitative estimates are mainly of an illustrative significance and do not purport to give accurate manpower projections for the Perspective Plan period.

### **Determination of provisional global targets**

The Third Plan of Pakistan went into operation in July 1965. It marked the beginning of a 20-year Perspective Plan, the initial objectives of which were—

- (a) tripling of the gross national product (G.N.P.) over the 20-year period; and
- (b) full employment of the active labour force by the end of this period.

Achievement of the targets for tripling the G.N.P. implied that the rate of growth would have to rise from the Second Plan target of an average of 4.4 per cent. a year to 7.0 per cent. during the Sixth Plan (1980-85). Towards the end of the Second Plan, however, the economy showed an unusually good performance and the rate of growth reached the rather impressive figure of 5.2 per cent. This overfulfilment of the Second Plan target seems to have generated a certain amount of optimism among the planners. Accordingly more ambitious objectives than those initially laid down were adopted, viz.—

- (a) quadrupling of the G.N.P. by the end of the Perspective Plan period; and
- (b) full employment of the labour force by about the middle of the period, i.e. 1975.

Thus the revised Perspective Plan envisages an average growth rate of 7.2 per cent. in G.N.P. over the next two decades (as against the initial estimate of 6.3 per cent.), rising from 5.7 per cent. in 1965 to 7.5 per cent.

in 1985.<sup>1</sup> These revised estimates appear to be rather on the high side and somewhat unrealistic. We therefore base our analysis on the earlier, less ambitious global targets of gross national product, investment and employment, which are given in table I.

Table I B, which is derived from table I, demonstrates how the incremental capital-output, capital-labour and output-labour ratios will move over time. It is assumed that the gross capital-output ratio will be 3.4 during 1965-70, 3.5 during 1970-75, 3.6 during 1975-80, and 3.7 during 1980-85. Our estimates show that while the capital-output ratio rises from 3.2 to 3.4 during the period 1965-70 and 1970-75, it stabilises afterwards. The precise magnitude of the ratio is in fact a function of the composition of investment and will depend on the nature of the investment projects selected. Except for a decline during the Fourth Plan (1970-75), both the capital-labour ratio and the marginal productivity of employed labour tend to increase over the Perspective Plan period. In other words, the capital intensity and degree of mechanisation will tend to increase towards the latter half of the period. This means that full employment will require a great deal of investment.

TABLE I B. INCREMENTAL RATIOS: CAPITAL-OUTPUT, CAPITAL-LABOUR AND OUTPUT-LABOUR

Item	Five-year period (Averages)			
	1965-70	1970-75	1975-80	1980-85
Additional annual output (ΔO) (million rupees) . . . . .	2 660	3 700	5 600	8 500
Average annual investment (ΔK) (million rupees) . . . . .	8 650	12 750	19 000	28 850
Additional labour employed (ΔE) (million) . . . . .	0.8	1.3	1.5	2.0
Incremental capital-output ratio (ΔK/ΔO) . . . . .	3.2	3.4	3.4	3.4
Incremental capital-labour ratio (ΔK/ΔL) (rupees) . . . . .	10 812	9 808	12 666	14 425
Marginal productivity of labour employed (ΔO/ΔL) (rupees) . .	3 325	2 846	3 733	4 250

Source: derived from table I.

Note: The calculations are only very rough estimates. The output and investment figures are obtained by averaging the figures for two periods.

<sup>1</sup> *The Third Five-Year Plan*, op. cit., p. 19. As noted earlier the revision of objectives resulted in changes in the various earlier magnitudes. For comparison some of these revised estimates are presented in table I A.



The target of attaining full employment, given the limited resources, has important implications for the movement of real wages. Some indications, though inconclusive, can be obtained from the movements in consumption per head over time. According to the Third Five-Year Plan <sup>1</sup>, by 1985 the level of consumption per head will grow by about 70 per cent. of the figure for the base-year (1965). During the Third Plan itself, the consumption per head is expected to increase by only 10 per cent. (which is, nevertheless, more than the increase during the Second Plan), but during the last five years (Sixth Plan) of the Perspective Plan, the rise will be nearly 20 per cent. These estimates roughly correspond to our own estimates, which are given in table I C.

TABLE I C. TREND OF CONSUMPTION DURING THE PERSPECTIVE PLAN,  
AT 1964-65 PRICES

Item	Year					Annual compound rate of growth (percentage)
	1965	1970	1975	1980	1985	
Total consumption (million rupees) .	35 900	45 500	59 500	79 500	110 300	5.7
Consumption per head of population (rupees) <sup>1</sup> . . . .	312.2	348.1 (11.4)	397.4 (14)	460.9 (16)	553.4 (20)	2.9
Consumption per head of labour force (rupees) . .	965.0	1 099.0	1 282.3	1 505.7	1 860.0	3.3
Consumption per head of employed labour force (rupees) . . . . .	1 229.4	1 370.5	1 502.5	1 680.7	1 918.2	2.2

Source: derived from table I.

<sup>1</sup> The figures in parentheses show the percentage increase over the preceding five-year period.

Apart from consumption per head of population, the table shows estimates of consumption per head in the labour force and in the employed labour force. It seems that the last two items could be used as meaningful concepts for judging the implications for real wages. In fact, for a more refined analysis, consumption needs to be broken down into consumption by wage earners and by non-wage-earners.

Whatever indicator we choose, consumption per head rises consistently over the Perspective Plan. One can therefore expect that the

<sup>1</sup> Government of Pakistan: *Outline of the Third Five-Year Plan* (August 1964), p. 21.

level of real wages will tend to increase consistently. While the annual compound rate of growth of consumption is 5.7 per cent., that of employment is only 3.4 per cent., of population 2.7 per cent., and of the labour force, 2.5 per cent. This seems to indicate that the growth of employment towards full employment level and a rise in real wages will be mutually compatible over the Perspective Plan period.

### **Determination of provisional sectoral targets**

The task of determining sectoral targets for Pakistan is somewhat more difficult owing to serious lack of data. There is hardly any information on sectoral investment during the Perspective Plan. This breakdown is necessary for an exercise in integrating manpower planning and economic planning, for two main reasons. In the first place, demand for labour of various occupations and skills is determined, among other factors, by the size of the investment allocated to each sector in order to achieve the Plan targets. Secondly, the investment allocated also has a supply effect inasmuch as it raises the productive capacity of the institutions that are sources of skilled manpower.

Given the sectoral rates of growth, shares of investment in each sector could be calculated if sectoral capital coefficients (capital-output ratios) were available. In the absence of such data the analysis in this section will be based on the projections of sectoral value added and employment that are reproduced in tables II and III.

The requirements of skilled manpower by occupational group (professional and technical, managerial, administrative, clerical, etc.) and by type of skill, education and training over the Perspective Plan period will be broadly determined by (i) the growth in output and changes in its composition required for the attainment of the 1985 production targets (implying a higher stage of development by the end of the 20 years), and (ii) resulting changes in the pattern of employment.

Table IV indicates the latter changes. Agriculture's share of employment will decline and that of industry and services will rise. In other words agriculture, which requires a relatively smaller proportion of skilled manpower, will decline in importance as an avenue of labour absorption. Speaking generally, therefore, one can say that the demand<sup>1</sup> for highly skilled manpower will perhaps grow faster than the demand

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<sup>1</sup> It is useful to bear in mind the distinction between the terms "demand" and "requirements". While the *demand* for manpower in the market sense is expressed by its price or wage/salary, manpower *requirements*, whether "minimum" or "optimum", indicate what and how much skilled manpower must be available if a given set of objectives and targets are to be fulfilled. "Minimum" requirements of manpower may be defined as those which are technically necessary to put a production plan into operation or to produce a stipulated output; "optimum" requirements are those which permit the most efficient production, i.e. production at minimum costs, or maximum production at the same costs. Thus the concept of "requirements" is more a technical than an economic one.

TABLE II. GROWTH OF SECTORAL VALUE ADDED, 1965 TO 1985  
(Million rupees)

Sector	1965	1970	1975	1980	1985	Annual compound rate of growth (percentage)
Agriculture . . . . .	18 600	23 000 (4.3)	28 000 (4.0)	35 000 (4.5)	44 000 (4.6)	4.5
Mining . . . . .	150	200 (5.9)	300 (8.4)	500 (10.7)	800 (9.8)	8.7
Manufacturing:						
Consumer goods .	4 000	5 500 (6.5)	7 500 (6.4)	11 000 (8.0)	16 500 (8.4)	7.4
Intermediate products . . .	1 400	2 000 (7.3)	3 200 (9.8)	5 000 (9.3)	8 500 (11.2)	9.5
Investment goods .	300	550 (12.9)	1 000 (12.7)	2 250 (17.0)	5 000 (17.0)	15.1
Public utilities . . .	250	350 (6.9)	500 (7.4)	750 (8.4)	1 200 (9.8)	8.2
Construction . . .	2 600	3 750 (7.6)	5 500 (7.9)	8 250 (8.4)	12 500 (8.6)	8.2
Transport and communication .	2 100	3 000 (7.3)	4 500 (8.4)	6 750 (8.4)	10 000 (8.2)	8.2
Other services . . .	13 300	17 650 (5.8)	24 000 (6.3)	33 000 (6.5)	46 500 (7.0)	6.4
All sectors . . .	42 700	56 000 (5.5)	74 500 (5.8)	102 500 (6.5)	145 000 (7.2)	6.3

Source: *Pakistan's Perspective Plan (1965-85)*, op. cit.

Note: Figures in parentheses are percentage annual compound rates of growth considered in terms of five-yearly periods.

for low-skilled manpower by the end of the Perspective Plan. In an economic sense, the market demand (as distinct from "requirements") for different skills will depend partly on their price and on income per head of population.

### Forecasting of skill requirements

It is an extremely complex task to project the occupational and skill structure of the labour force 20 years ahead. A number of methods—



TABLE III. GROWTH OF EMPLOYMENT BY SECTOR, 1965 TO 1985  
(Thousands)

Sector	1965	1970	1975	1980	1985	Annual compound rate of growth (percentage)
Agriculture . . . .	18 000	19 000 (1.0)	21 000 (2.0)	24 000 (2.7)	26 000 (1.6)	1.8
Mining . . . . .	20	20 (—)	30 (8.4)	40 (5.9)	50 (4.5)	4.6
Manufacturing:						
Consumer goods .	2 500	3 000 (3.7)	3 700 (4.2)	4 700 (4.9)	6 000 (5.0)	4.4
Intermediate products . . .	500	600 (3.7)	700 (3.1)	900 (5.1)	1 100 (4.0)	4.0
Investment goods .	200	200 (—)	300 (8.4)	500 (10.7)	700 (6.9)	6.4
Public utilities . . .	20	30 (8.4)	40 (5.9)	40 (—)	50 (4.5)	4.6
Construction . . .	1 800	2 300 (5.0)	3 000 (5.4)	4 000 (5.9)	5 600 (6.9)	5.8
Transport and communications .	1 100	1 400 (4.9)	1 900 (6.3)	2 600 (6.4)	3 700 (7.3)	6.2
Other services . . .	5 000	6 200 (4.4)	8 200 (5.7)	10 000 (4.0)	14 000 (6.9)	5.2
All sectors . . .	29 000	33 200 (2.7)	39 600 (3.5)	47 000 (3.5)	57 500 (4.0)	3.4

Source: *Pakistan's Perspective Plan (1965-85)*, op. cit.

Note: Figures in parentheses are percentage annual compound rates of growth considered in terms of five-yearly periods. (—) = negligible.

inter-country and inter-firm comparisons, employers' estimates of future occupational requirements, and extrapolation of past trends—have been tried out on the basis of a number of heroic assumptions. There is virtually no evidence to suggest which method, if any, provides reliable estimates of the future skill structure.

Extrapolation of past trends, even if it is assumed that sufficiently long time-series are available, is by definition inconsistent with the efforts in most developing countries to break with the past and present.

International country comparisons, though useful, can be equally unsatisfactory owing to a number of serious limitations. First, while it is assumed that occupational structure in a given sector is related to its

TABLE IV. EMPLOYMENT PATTERN BY SECTOR, 1965 TO 1985  
(Percentages)

Sector	1965	1970	1975	1980	1985
Agriculture . . . . .	62.00	57.20	53.00	51.00	45.20
Mining . . . . .	0.06	0.06	0.07	0.08	0.08
Manufacturing . . . . .	11.00	11.40	11.80	12.90	13.50
<i>of which:</i> Consumer goods . . . . .	8.60	9.00	9.30	10.00	10.40
Intermediate products . . . . .	1.70	1.80	1.70	1.90	1.90
Investment goods . . . . .	0.60	0.60	0.70	1.00	1.20
Public utilities . . . . .	0.07	0.09	0.10	0.08	0.08
Construction . . . . .	6.20	6.90	7.50	8.50	9.70
Transport and communication . . . . .	3.70	4.20	4.80	5.50	6.40
Other services . . . . .	17.20	18.60	20.70	21.20	24.30

Source: derived from table III.

Note: Figures do not add up to 100 owing to rounding.

productivity and the general level of economic development, the extent to which the level of economic development determines occupational structure still remains unknown. Secondly, the possibility of producing a given level of output by substituting one type of occupational skill for another, depending on the relative supplies of these inputs, is ignored. The unique supply conditions in the particular country with which comparison is made might distort estimates for the future. Thirdly, considerable differences in economic structure (e.g. sectoral composition) and organisation, occupational categories and job contents, apart from the differences in supply conditions, make inter-country comparisons extremely difficult. There is no reason to believe that the conditions prevailing in an advanced country (with which comparisons are invariably made) at some date in the past are an ideal or an appropriate model for a developing country.

Comparison with the occupational structure of the most modern firms in a given sector in the country concerned as a predictor of future average occupational patterns may be somewhat more useful. But the main difficulty is that there always exists a spectrum of old, medium-aged and new plants (and hence a spectrum of productivities) which makes the projection of occupational structure hazardous.<sup>1</sup> Nor are the opinions of present employers of much help in long-term forecasting.

For Pakistan, in view of serious data limitations to which any of the above methods are subject, we have adopted a rather crude and

<sup>1</sup> United Nations, Committee for Industrial Development, Sixth Session: *Industrial planning and programming: Skill requirements in manufacturing industries* (23 Feb. 1966), (Document E/C.5/112/Add. 1).

simple approach in calculating future skill requirements. The ratios of additional technical personnel, i.e. additional technical personnel as a percentage of additional employment <sup>1</sup>, during the Second Plan (1960-65) have been applied to the future sectoral employment figures of table III. These ratios, which are assumed to be constant throughout the Perspective Plan period, are presented in table V. As the lack of data does not permit a very detailed analysis, we have considered only the "technical and professional" category, under which three main types of skills are distinguished, where possible, namely—

- (a) engineers, architects and surveyors;
- (b) draughtsmen, science and engineering technicians; and
- (c) skilled craftsmen.

TABLE V. ADDITIONAL TRAINED MANPOWER AS A PERCENTAGE OF TOTAL ADDITIONAL EMPLOYMENT IN NON-AGRICULTURAL SECTORS DURING THE SECOND PLAN (1960-1965)

Type of manpower \ Sector	Mining and quarrying	Manufacturing (large and medium)	Transport and communications	Construction	Public utilities <sup>1</sup>
Engineers, architects, and surveyors <sup>2</sup> . . . . .	1.3 <sup>3</sup>	0.6	0.3	1.0	0.2
Draughtsmen, science and engineering, technicians . . .	—	0.7	1.5	4.5	0.6
Chemists, physicists and other physical scientists . . . . .	—	0.4	—	—	—
Skilled craftsmen . . . . .	10.6	43.0	33.0	20.0	14.0

Sources: Ratios for manufacturing have been obtained from Pitambar PANT and M. VASUDEVAN: *Occupational patterns in manufacturing industries* (Indian Planning Commission, Scientific and Technical Manpower and Perspective Planning Division, 1956). Other ratios have been calculated on the basis of data contained in *Employment effect and manpower requirements of the Second Plan* (Pakistan Planning Commission, Manpower and Employment Section, 21 Sep. 1960).

<sup>1</sup> Water, power, drainage, canals, including Indus Basin Replacement Works. <sup>2</sup> Both degree and diploma level. <sup>3</sup> Includes draughtsmen, science and engineering technicians.

These three types of skills are bound to be crucial in the process of rapid industrial growth planned for the Pakistan economy during the next 20 years. The requirements for these skills in non-agricultural sectors (excluding services such as education, health and public services) over the Perspective Plan period are given in tables VI, VI A and VI B.

<sup>1</sup> The additional employment is calculated as the difference between the figures of the first year (1960-61) and the final year (1964-65) of the Plan.



Table VI indicates that by far the largest requirements for engineers, architects and surveyors by the end of the Perspective Plan will occur in the manufacturing and construction sectors. In construction the number of engineers and architects required will actually double by 1980, i.e. the beginning of the Sixth Five-Year Plan. Similarly, by the beginning of the Sixth Plan, the requirements for draughtsmen, science and engineering technicians in construction and in transport and communications will have more than doubled.

Table VI A illustrates the growth of aggregate requirements for selected types of skilled manpower, excluding the agricultural and services sectors. However, the demand for engineers, architects and draughtsmen, etc., in these two sectors is likely to be very limited; moreover, they call for different types of skilled manpower. Hence we can assume that the table roughly depicts the total requirements of the said types of manpower in the Pakistan economy as a whole. It indicates that the demand for draughtsmen, science and engineering technicians grows at the fastest rate over the Perspective Plan period; that of engineers, architects and surveyors follows closely. If one considers the growth rates of various types of manpower separately for each sector of the economy, the position changes somewhat. This is shown in table VI B. In many cases, for instance in transport and communications, construction, and public utilities, the growth rates of requirements for engineers, draughtsmen and skilled craftsmen, etc., are the same over the Perspective Plan period.

These findings seem to reflect two important limitations to projections of manpower requirements. First, the projections are based on the assumption of constant ratios of skills to additional employment and of one skill to another. In other words, the effects of changes in technology are not considered. The identical growth rates of the different types of manpower seem to conceal the possible inadequacy of the ratio of one skill to another in the base period. For example, if the present ratio between engineers and technicians is 1:2, it does not necessarily mean that this is the optimal ratio for the present period. Secondly, over the 20-year period advancement in technology may result in a change in the ratio to 1:3, in which case the growth rate of technicians should be faster than and not equal to that of engineers.

Data on supplies of each type of skilled manpower are not available.<sup>1</sup> It is therefore impossible to compare the demand for and supply of

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<sup>1</sup> In order to calculate the supply of skilled manpower, the following information is required:

- (a) present stock of skills;
- (b) inflow of qualified newcomers to the labour market, which can be calculated if one knows (i) the present size and age composition of the school (including university) population, (ii) drop-out rates for each year, and (iii) the distribution of the school population among different types of education;
- (c) outflow of qualified workers resulting from deaths, retirements, emigration, etc.

(Thousands)

Sector and type of manpower	1965	1970	1975	1980	1985
<i>Mining and quarrying</i>					
Engineers, architects and surveyors <sup>1</sup>	0.26	0.26	0.39	0.52	0.65
Skilled craftsmen	2.12	2.12	3.18	4.24	5.30
Other labour (including clerical staff, salesmen, etc.)	17.62	17.62	26.43	35.24	44.05
Total	20.00	20.00	30.00	40.00	50.00
<i>Manufacturing (large and medium)</i>					
Engineers, architects and surveyors <sup>2</sup>	19.20	22.80	28.20	36.60	46.80
Chemists, physicists, other physical scientists	12.80	15.20	18.80	24.40	31.20
Draughtsmen, science and engineering technicians	22.40	26.60	32.90	42.70	54.60
Skilled craftsmen	1 376.00	1 634.00	2 021.00	2 623.00	3 354.00
Other labour	1 769.60	2 101.40	2 599.10	3 373.30	4 313.40
Total	3 200.00	3 800.00	4 700.00	6 100.00	7 800.00
<i>Transport and communications</i>					
Engineers, architects and surveyors <sup>2</sup>	3.30	4.20	5.70	7.80	11.10
Draughtsmen, science and engineering technicians	16.50	21.00	28.50	39.00	55.50
Skilled craftsmen	363.00	462.00	627.00	858.00	1 221.00
Other labour	717.20	912.80	1 238.00	1 695.00	2 412.00
Total	1 100.00	1 400.00	1 900.00	2 600.00	3 700.00
<i>Construction</i>					
Engineers, architects and surveyors <sup>2</sup>	18.00	23.00	30.00	40.00	56.00
Draughtsmen, science and engineering technicians	81.00	103.50	135.00	180.00	252.00
Skilled craftsmen	360.00	460.00	600.00	800.00	1 120.00
Other labour	1 341.00	1 713.50	2 235.00	2 980.00	4 172.00
Total	1 800.00	2 300.00	3 000.00	4 000.00	5 600.00
<i>Public utilities</i> <sup>3</sup>					
Engineers, architects and surveyors <sup>2</sup>	0.04	0.06	0.08	0.08	0.10
Draughtsmen, science and engineering technicians	0.12	0.18	0.24	0.24	0.30
Skilled craftsmen	2.80	4.20	5.60	5.60	7.00
Other labour	17.04	25.56	34.08	34.08	42.60
Total	20.00	30.00	40.00	40.00	50.00

Source: The figures have been obtained by applying the ratios (assumed constant throughout the Perspective Plan period) contained in table V to the figures of future sectoral employment contained in table III.

<sup>1</sup> Both degree and diploma level and including draughtsmen, science and engineering technicians. <sup>2</sup> Both degree and diploma level. <sup>3</sup> Water, power, drainage, canals, including Indus Basin Works.

TABLE VIA. AGGREGATE REQUIREMENTS OF TRAINED MANPOWER DURING THE PERSPECTIVE PLAN (1965-85)

(Thousands)

Type of manpower	Year					Increment over the 20 years (1965-85)	Annual compound rate of growth (percentage)
	1965	1970	1975	1980	1985		
Engineers, architects and surveyors, etc. .	40.80	50.32	64.37	85.00	114.65	73.85	5.3
Chemists, physicists and other physical scientists . . .	12.80	15.20	18.80	24.40	31.20	18.40	4.5
Draughtsmen, science and engineering technicians . .	120.02	151.28	196.64	261.94	362.40	242.38	5.6
Skilled craftsmen	2 103.92	2 562.32	3 256.32	4 290.84	5 707.30	3 603.38	5.1

Source: These figures have been aggregated from the figures of sectoral requirements contained in table VI.

Note: The figures exclude manpower requirements of the services and the agriculture sectors.

skilled manpower in order to project shortages or surpluses. In the absence of any comparable data on the available and prospective supplies of skilled manpower for Pakistan, we have assumed for simplification that the future requirements for each type of manpower will be fully met. In other words, there will be no shortages and supply will balance demand. Matching of supply with demand is, of course, essential if the targets of the Perspective Plan are to be fulfilled.

An attempt will now be made to establish a relationship between the increase in various types of skills and the growth of output (gross value added) over the Perspective Plan period. The rates of increase in skills and of output growth in each five-year sub-period during this long-term plan are presented in table VII. From these growth rates are derived "skill-input/value-added coefficients"<sup>1</sup>, which are given in table VIII. They indicate the input of each type of skill per unit of output. Up to 1980 input of all four types of skills per unit of output (the inverse of aver-

<sup>1</sup> These coefficients are slightly different from the "occupational coefficients" calculated by HOLLISTER (op. cit.), for Mediterranean Regional Project countries. While the former are calculated by dividing the rate of increase in skills by the rate of growth of value added, the "occupational coefficients" are expressed in terms of the "number of workers in an occupation in a sector per unit of sectoral output".



TABLE VI B. RATES OF GROWTH OF SKILLED MANPOWER, BY SECTOR, 1965 TO 1985  
(Percentages)

Sector and type of manpower	1965-70		1970-75		1975-80		1980-85		Annual com- pound rate over the 20 years
	5-year period	Annual	5-year period	Annual	5-year period	Annual	5-year period	Annual	
<i>Mining and quarrying</i>									
Engineers, architects, surveyors (including draughtsmen, etc.) . . . . .	0.0	0.0	50.00	8.45	33.30	5.92	25.00	4.56	4.69
Skilled craftsmen . . . . .	0.0	0.0	50.00	8.45	33.60	5.96	25.00	4.56	4.69
<i>Manufacturing</i>									
Engineers, architects, surveyors . . . . .	18.70	3.48	23.70	4.33	30.00	5.39	28.00	5.06	4.54
Chemists, physicists, etc. . . . .	18.70	3.48	23.70	4.33	30.00	5.39	27.00	4.90	4.54
Draughtsmen, science and engineering technicians . . . . .	18.70	3.48	23.70	4.33	29.70	5.34	27.80	5.03	4.54
Skilled craftsmen . . . . .	18.80	3.51	23.60	4.31	29.70	5.34	28.00	5.06	4.54
<i>Transport and communications</i>									
Engineers, architects, scientists . . . . .	27.20	4.93	35.70	6.30	36.80	6.48	42.30	7.32	6.20
Draughtsmen, science and engineering technicians . . . . .	27.20	4.93	35.70	6.30	36.80	6.48	42.30	7.32	6.20
Skilled craftsmen . . . . .	27.20	4.93	35.70	6.30	36.80	6.48	42.30	7.32	6.20
<i>Construction</i>									
Engineers, architects, surveyors . . . . .	27.70	5.01	30.40	5.46	33.30	5.92	40.00	6.96	5.80
Draughtsmen, science and engineering technicians . . . . .	27.70	5.01	30.40	5.46	33.30	5.92	40.00	6.96	5.80
Skilled craftsmen . . . . .	27.70	5.01	30.40	5.46	33.30	5.92	40.00	6.96	5.80
<i>Public utilities</i>									
Engineers, architects, surveyors . . . . .	50.00	8.45	33.30	5.92	0.0	0.0	25.00	4.56	4.60
Draughtsmen, science and engineering technicians . . . . .	50.00	8.45	50.00	8.45	0.0	0.0	25.00	4.56	4.60
Skilled craftsmen . . . . .	50.00	8.45	33.30	5.92	0.0	0.0	25.00	4.56	4.60

age labour productivity) tends to rise. However, during 1980-85 (the Sixth Plan) the input of the "engineers, architects and surveyors" group remains unchanged in relation to output whereas that of "draughtsmen, scientists and engineering technicians" continues to increase and that of "skilled craftsmen" and of "chemists and physical scientists" starts declining. These variations in the coefficients may occur theoretically for three main reasons: (a) changes in technology, (b) changes in the relative supplies of certain skills and the resultant substitution between various inputs, and (c) differences in the degree of utilisation of plant capacity. Although in practice it is not possible to isolate the respective effects of these changes on the coefficients, in principle a steady increase in the coefficients should indicate changes in technology. However, we observed earlier that our projections are based on the assumption of constant ratios of skills to additional employment and of one skill to another. If this implies constancy of technology, then the variations in our coefficients should be explained by the effects of one of the two remaining factors or of both combined. Thus between 1975-80 and 1980-85 the increase of input coefficients for "engineering technicians" in association with a constant coefficient for "engineers" could possibly be explained by a relative increase in the supply of engineering technicians.

No conclusive evidence can, however, be put forward in support of this hypothesis, since the coefficients also cover inputs of architects and surveyors, and scientists, for example, which might introduce biases.

TABLE VII. GROWTH RATES OF THE SUPPLY OF SKILLED MANPOWER AND OF VALUE ADDED  
(Percentages)

Period	Engineers, architects, surveyors	Draughtsmen, scientists and engineering technicians	Chemists, physicists and other physical scientists	Skilled craftsmen	Value added
1965-70	23.3 (4.30)	26.0 (4.73)	18.7 (3.50)	21.7 (3.99)	42.1 (7.28)
1970-75	27.9 (5.05)	29.9 (5.37)	23.7 (4.33)	27.0 (4.90)	46.5 (7.93)
1975-80	32.0 (5.71)	33.2 (5.90)	29.8 (5.36)	31.5 (5.63)	53.3 (8.93)
1980-85	34.8 (6.16)	38.3 (6.70)	27.8 (5.00)	33.0 (5.87)	58.0 (9.58)

Sources: Growth rates of skilled manpower are derived from table VI A, whereas those of value added are derived from table II. In order to ensure comparability between these two sets of figures, value added by agriculture and services (sectors for which skills have not been taken into account) is excluded.

Note: The figures in parentheses give annual compound growth rates.

TABLE VIII. SKILL-INPUT/VALUE-ADDED COEFFICIENTS DURING  
THE PERSPECTIVE PLAN (1965-85)

Period	Engineers, architects, surveyors	Draughtsmen, scientists and engineering technicians	Chemists, physicists and other physical scientists	Skilled craftsmen
1965-70	0.59	0.64	0.48	0.54
1970-75	0.63	0.67	0.54	0.61
1975-80	0.64	0.66	0.60	0.63
1980-85	0.64	0.69	0.52	0.61

Source: derived from the growth rates contained in table VII on the basis of the formula:  

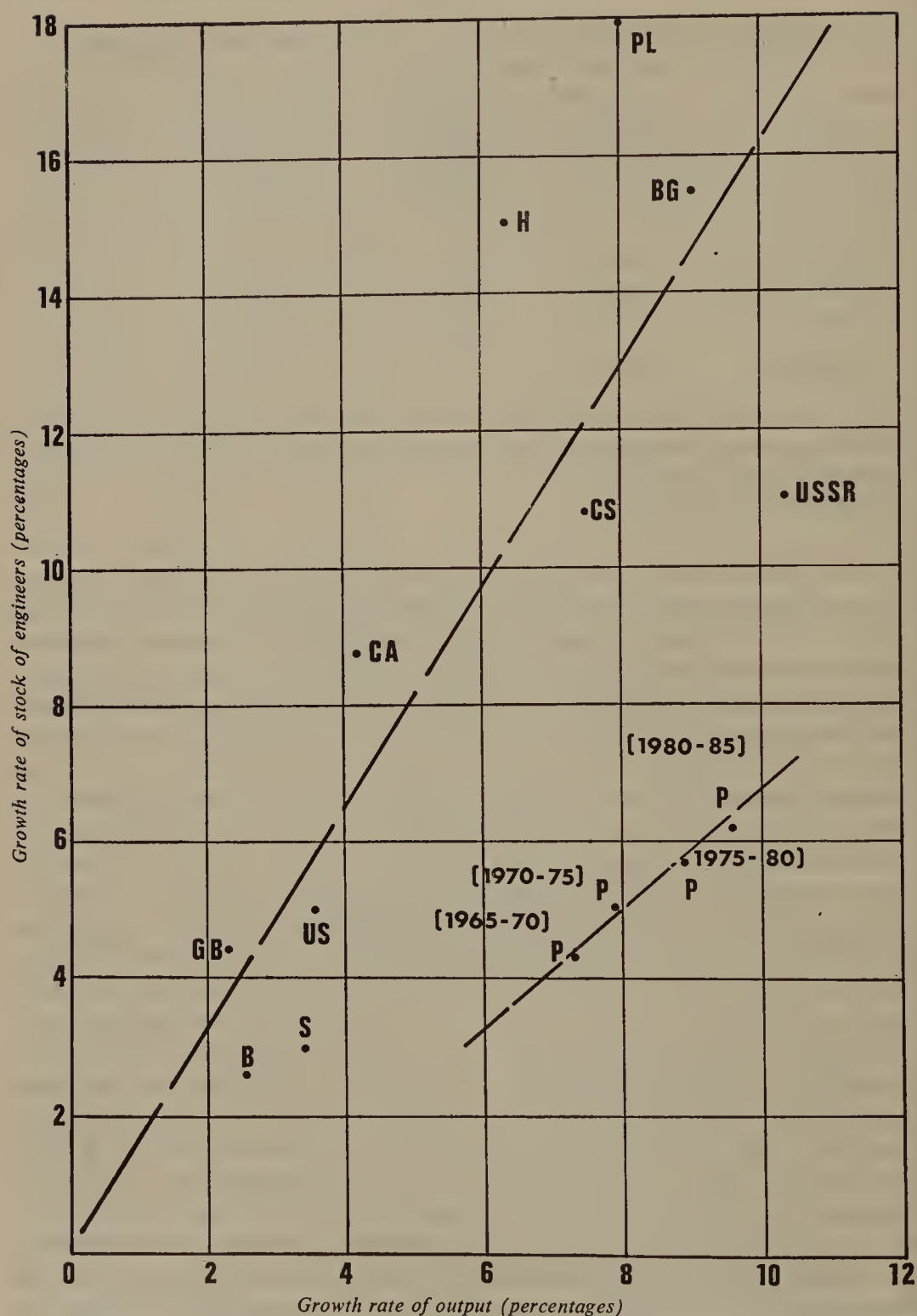
$$\frac{\text{growth rate of skilled manpower}}{\text{growth rate of value added}}$$

As an illustration, the growth of the "engineers, architects and surveyors" group may be related to growth of output over the Perspective Plan. This relationship may then be compared with the pattern in certain industrialised countries during the 1950s, shown on the chart. On the vertical axis is measured the growth rate of the stock of engineers, and on the horizontal axis that of output. The chart shows that the relationship between the growth of the stock of engineers and that of output during Pakistan's Perspective Plan would on our hypothesis be very different from that which obtained in the 1950s in Canada, the United States and a number of European countries. While in almost all these countries a relatively high growth rate of the stock of engineers is accompanied by a smaller growth rate of output, in Pakistan the reverse is true.<sup>1</sup> The situation there is different even from that in the U.S.S.R., where the growth rates of the stock of engineers and of output are both high and quite close to each other. This relationship between the stock of engineers and output depends on a number of factors. The larger the agricultural sector, for example, the smaller is the need for engineers likely to be. For the developing economies it is not necessary to have a very high rate of increase in the stock of engineers to obtain a given increase in output. The fact that income from agriculture, trade and services in Pakistan contributes about two-thirds of total income may be one of the major reasons for the difference between the relationships in Pakistan and Europe respectively. Part of the difference may also be explained by the lack of comparability and the unreliability of data for Pakistan.

<sup>1</sup> It should be noted that the figures for Pakistan include architects and surveyors as well as engineers.



# GROWTH RATES OF OUTPUT AND OF THE STOCK OF ENGINEERS IN SELECTED COUNTRIES



B = Belgium BG = Bulgaria CA = Canada CS = Czechoslovakia GB = Great Britain  
H = Hungary P = Pakistan PL = Poland S = Sweden US = United States  
USSR = Union of Soviet Socialist Republics

Sources: for Pakistan, table VII in the present article; for the other countries, United Nations, Economic Commission for Europe: *Economic survey of Europe in 1961*, Part 2: *Some factors in economic growth in Europe during the 1950s* (Geneva, 1964) (document E/ECE/452/Add.1), Ch. V, p. 15.

Note: the periods to which the figures for Pakistan relate are indicated on the chart. For the other countries the period is the 1950s.

The growth rates of the supply of engineers and of value added by economic sector (see table IX), do not show any definite correlation. Let us take the case of manufacturing, since it will be a relatively more important sector during the Perspective Plan period. During 1965-70 the growth rate of the supply of engineers is less than half that of growth of value added in manufacturing. Both rates increase steadily until 1975-80, but during 1980-85 the growth rate of the supply of engineers declines somewhat while that of value added increases noticeably.

Of course there is no reason to believe that there should necessarily be a high correlation between the growth rate of the supply of engineers and that of value added. In the first place, if a correlation exists it may only reflect the fact that the proportion of the labour force with high technical skills increases in step with industrialisation. Secondly, the growth rate of output can be independent of the growth of the supply of engineers during a particular period. It could instead be attributed to a number of other factors including fuller utilisation of the existing productive capacity of the physical capital and fuller utilisation of the existing human resources (such as engineers), in other words an increase in their average productivity. The latter could well be due to better facilities for technical education and improvements in technology. However, if we assume that (a) there is no structural change in the economy, (b) there is no excess productive capacity, and (c) there is no change in the average productivity level, a simple model could be built in which a correlation is maintained between the rate of growth of supply of engineers and that of output.

The skill-input/value-added coefficients by sectors are presented in table X in order to illustrate sectoral differences. The coefficients for the "engineers and architects" group decline steadily in the mining and quarrying sector. On the other hand, they indicate a steady increase in construction, transport and communications. In the case of manufacturing, however, the coefficients continue to rise until 1975-80 but fall to the 1965-70 level during 1980-85.

In the final analysis, the growth of output is attributable to a change in the quantity and quality of inputs. In order to determine a proper correlation between the growth of the supply of engineers and that of output, it is necessary to know the percentage points in the growth rate of output attributable respectively to (i) increased quantity of input, and (ii) higher quality (average productivity) of a given input. The growth of output could be due more to qualitative than to quantitative changes. Thus if the advanced countries have a very large stock of engineers today, it does not necessarily mean that the developing countries will in future have to raise the supply of engineers to the same relative level. Instead, it is worthwhile investigating how far it would be possible for these countries to keep the growth rate of the supply of engineers relatively lower, but to raise the level of average productivity

TABLE IX. GROWTH RATES OF THE SUPPLY OF ENGINEERS AND OF VALUE ADDED BY SECTOR, 1965 TO 1985  
(Percentages)

Sector	1965-70		1970-75		1975-80		1980-85	
	Engineers, architects, surveyors	Value added (gross)	Engineers, architects, surveyors	Value added (gross)	Engineers, architects, surveyors	Value added (gross)	Engineers, architects, surveyors	Value added (gross)
Manufacturing . . . . .	18.7 (3.48)	41.2 (7.14)	23.7 (4.33)	45.3 (7.76)	30.0 (5.39)	56.0 (9.30)	28.0 (5.06)	64.3 (10.45)
Mining and quarrying <sup>1</sup> . . . .	—	33.3 (5.92)	50.0 (8.45)	50.0 (8.45)	33.3 (5.92)	66.6 (10.7)	25.0 (4.56)	60.0 (9.85)
Public utilities . . . . .	50.0 (8.45)	40.0 (6.96)	33.3 (5.92)	43.0 (7.42)	—	50.0 (8.45)	25.0 (4.56)	60.0 (9.85)
Construction . . . . .	27.7 (5.01)	44.2 (7.60)	30.4 (5.46)	46.6 (7.92)	33.3 (5.92)	50.0 (8.45)	40.0 (6.96)	51.5 (8.66)
Transport and communica- tions . . . . .	27.2 (4.93)	43.0 (7.42)	35.7 (6.30)	50.0 (8.45)	36.8 (6.48)	50.0 (8.45)	42.3 (7.32)	48.1 (8.18)

Sources: Rates of growth of engineers, architects and surveyors have been reproduced from table VI B. Rates of growth of value added have been derived from table II.

Note: Figures in parentheses are annual compound rates of growth in terms of five-yearly periods.

<sup>1</sup> Figures of engineers, architects and surveyors for mining and quarrying include draughtsmen, technicians.

— = Nil.



(i.e. to make qualitative improvements) in order to achieve the desired growth rate of output.<sup>1</sup>

TABLE X. SKILL-INPUT/VALUE-ADDED COEFFICIENTS BY SECTOR

Sector and period	Engineers, architects, surveyors, etc.	Draughtsmen, scientists and engineering technicians	Chemists, physicists and other physical scientists	Skilled craftsmen
<b>Mining and quarrying:</b>				
1965-70 . . . . .	—	(Included	—	—
1970-75 . . . . .	1.00	under	—	1.00
1975-80 . . . . .	0.66	engineers,	—	0.67
1980-85 . . . . .	0.46	etc.)	—	0.46
<b>Manufacturing:</b>				
1965-70 . . . . .	0.48	0.48	0.48	0.49
1970-75 . . . . .	0.55	0.55	0.55	0.55
1975-80 . . . . .	0.58	0.57	0.58	0.57
1980-85 . . . . .	0.48	0.47	0.46	0.48
<b>Public utilities:</b>				
1965-70 . . . . .	1.20	1.20	—	1.20
1970-75 . . . . .	0.79	1.10	—	0.79
1975-80 . . . . .	0.87	—	—	—
1980-85 . . . . .	0.46	0.46	—	0.46
<b>Construction:</b>				
1965-70 . . . . .	0.66	0.66	—	0.66
1970-75 . . . . .	0.69	0.69	—	0.69
1975-80 . . . . .	0.70	0.70	—	0.70
1980-85 . . . . .	0.80	0.80	—	0.80
<b>Transport and communica- tions:</b>				
1965-70 . . . . .	0.66	0.66	—	0.66
1970-75 . . . . .	0.74	0.74	—	0.74
1975-80 . . . . .	0.76	0.76	—	0.76
1980-85 . . . . .	0.89	0.89	—	0.89

Source: Derived from table IX.

Note: As we noted earlier with regard to the growth rates of the supply of skilled manpower and value added, the more or less uniform coefficients for different skill categories in this table are due to the assumption of uniform growth rates. The table is presented purely for illustrative purposes.

<sup>1</sup> We confine ourselves to forecasts of sectoral manpower requirements by broad occupational and economic categories only. The next logical task of the manpower planners should be to forecast skill requirements by individual industries under manufacturing, mining, etc. The present lack of data on manufacturing in Pakistan is too formidable to permit any such meaningful analysis.

## **Determination of future educational requirements and formulation of plans**

The key objective of manpower planning, or of the "manpower approach to educational planning", is to provide a criterion for the allocation of financial resources to formal and non-formal education and training. It is therefore essential to translate future skill requirements into corresponding educational requirements in order to formulate education and training programmes. This conversion problem ("occupation-education relationships") remains, by and large, unsolved. For one thing, a single occupation may embody many skills and sets of tasks. In principle one would in such a case need to find a *combination* of education/training requirements instead of considering a single educational level. Secondly, a given educational attainment for an occupation may conceal qualitative differences which cannot be taken into account adequately unless actual standards for job performance and job contents corresponding to occupations are laid down. Thus, whether a certain educational level for an occupation or a group of homogeneous occupations is an "appropriate", "desirable" or "optimum" requirement in the technical sense can be determined only somewhat arbitrarily. But the demand for educated persons in the market sense, i.e. the employers' requirements for educated manpower for a range of jobs, tends to change with changes in conditions of supply of persons with various kinds of education. Employers' preference for hiring university graduates as "clerks" is a proverbial example of the effects of such conditions of supply in the developing countries on the demand for educated persons.<sup>1</sup>

We observed earlier that in Pakistan the educational attainment ratio (percentage of university graduates within occupational groups) in the professional and technical occupations was quite low in 1961. International experience would suggest that this ratio should be increased during the Perspective Plan in order to raise the quality (average productivity or standard of job performance) in these occupations.

The outlay on various types of education during the First, Second and Third Plans gives some indication of the trends and priorities in educational expansion. Table XI, which presents a breakdown of the total outlay on education, highlights three main points: (i) major importance is attached to primary, secondary and technical education during the Third Plan (1965-70); (ii) while the absolute amount allocated to technical education increases significantly, the proportion in the total outlay shows a decline; and (iii) the percentage allocated to higher education falls considerably during the same period. It would seem that the policy trends reflected in the Third Plan (1965-70) will not be appropriate for the

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<sup>1</sup> It may be worth noting here that, while the educational requirements in a technical sense could be—and often are—an independent policy variable, the demand for educated manpower in the market sense is a dependent variable, which is a function of the conditions of supply of such manpower and the final demand for goods and services.

TABLE XI. INVESTMENT IN THE EDUCATION SECTOR, 1955 TO 70

Subsectors	First Plan (1955-60) (actual)		Second Plan (1960-65) (estimated)		Third Plan (1965-70) (allocated)	
	Amount (million rupees)	Per- centage	Amount (million rupees)	Per- centage	Amount (million rupees)	Per- centage
Primary education . . . . .	74	20	101	9	520	20
Secondary „ . . . . .	72	19	183	17	615	23
Teacher „ . . . . .	9	2	70	6	138	5
Technical „ . . . . .	22	6	260	24	637	23
Higher „ . . . . .	100	26	280	25	448	15
Scholarships . . . . .	5	1	93	8	198	8
Miscellaneous . . . . .	98	26	115	11	174	6
Total . . .	380 <sup>1</sup>	100	1 102	100	2 730	100

Source: *The Third Five-Year Plan*, op. cit., p. 215.

<sup>1</sup> In terms of the concept of the Second Plan, the expenditure amounts to only 230 million rupees. It is, however, not made clear what the concept of the Second Plan is. Perhaps the Second Plan figures exclude expenditure on publicity services, while those of the First Plan do not. See *The Second Five-Year Plan*, op. cit., p. 353.

remaining period of the Perspective Plan (i.e. 1970-1985) if the educational attainment ratio of the professional and technical occupations is to rise considerably.

The “attainment ratio” can be raised by increasing the supply and absorption of university graduates in the professional and technical occupations. The need for an addition to the existing stock of graduates during the long-term plan should make a strong case for increased investment in secondary and higher technical education, at least in future five-year plans. However, lowering the percentage of expenditure on higher technical and non-technical education *temporarily* during the Third Plan (1965-70) under conditions of massive graduate unemployment may well be considered an appropriate stop-go policy if sustained efforts are made instead to absorb the existing stock of graduates. Of course one of the preconditions of such an absorption is an adequate allocation of expenditure on special training for these graduates. This second method of raising the “attainment ratio” is likely to have a quicker impact on economic expansion because a highly educated person can be expected to be more rapidly and easily trainable. It may also be more economical, since the cost of training a graduate will be much lower than that of producing a new one from scratch.



The persistence of graduate unemployment in Pakistan (and in other developing countries for that matter) seems to suggest that the unemployed university graduates may not have any opportunities of acquiring additional or alternative skills for which there is an effective demand. This phenomenon of what may be called the "supply substitution of skills" by educated people assumes (a) the availability of financial resources to the educated individuals concerned or the provision of the necessary resources by the government, and (b) the existence of training facilities for learning new skills. Apparently these assumptions are invalid in the case of Pakistan as in that of many other developing countries. Although the extended family system, which is equivalent to a sort of social security or unemployment insurance, may neutralise any incentive to learn alternative skills, part of the explanation for the lack of adjustment of the supply of educated manpower to new demand situations can be found in the absence of government initiative in providing incentives and training facilities specifically for the educated unemployed.

It is also important to explore the extent to which it is possible to substitute between human investment and physical capital investment without compromising the over-all targets of the Plan. The Tinbergen-Correa-Bos type of models of education seem implicitly to assume a fixed relationship between stocks of educated manpower and units of national income.<sup>1</sup> In practice, it may be possible to attain a planned income target or a growth rate not only by substituting between investment in education and other sectors but also by substituting one type of educational input for another. Developing countries such as Pakistan should, in particular, explore the possibilities of the second type of substitution, i.e. substitution between formal and non-formal education and the effects of such substitution on the productivity and employability of the labour force and on total costs of education and training.<sup>2</sup>

### **Project selection: use of the employment criterion**

As we noticed earlier, it is not possible to quantify the shortages or surpluses of various types of skilled, semi-skilled and unskilled manpower in Pakistan. Nevertheless, there is sufficient evidence that shortages<sup>3</sup> of skilled manpower, at least in the technical rather than in the purely

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<sup>1</sup> See Amartya K. SEN: "Economic approaches to education and manpower planning", in *Indian Economic Review* (Delhi), New Series, Vol. I, No. 1, Apr. 1966.

<sup>2</sup> Very few countries, if any, seem at present to collect systematic information on the non-formal education and on the training (on-the-job and off-the-job) embodied in the labour force. In the absence of such data, it becomes extremely difficult to ascertain whether (i) business firms give sufficient and adequate training to their personnel, and (ii) training inputs have higher returns than inputs of formal education.

<sup>3</sup> For details on concepts of shortages and surpluses see Harvey LEIBENSTEIN: "Shortages and surpluses in education in underdeveloped countries: a theoretical foray", in C. Arnold ANDERSON and Mary Jean BOWMAN (eds.): *Education and economic development* (London, Frank Cass & Co., 1966), pp. 51-62.

economic sense, will remain acute and supplies of unskilled labour abundant. The Pakistan planners have therefore suggested that the employment effects of chosen investment projects should form one of the criteria for project selection. The Third Plan states that "the composition of the development programme... must be geared to the employment target by making the employment effect of each project a factor in judging its acceptability".<sup>1</sup> The precise meaning of this statement is rather vague. Nor is it clear how the apparent conflict between different criteria (reinvestment, employment and output) is to be resolved. One gets the impression that the planners hope to correct the imbalance constituted by the shortage of skilled labour and abundance of unskilled labour by introducing such labour-intensive techniques as will economise scarce labour skills and absorb large amounts of unskilled labour. The employment strategy during the Perspective Plan will therefore be to devise policies to create additional employment in sectors like small-scale industries and rural works, which are, in general, relatively less skill-intensive and hence entail low capital cost, but more labour-intensive than other investment programmes. This implies that among alternative projects the one giving maximum employment should be chosen, which is tantamount to saying that the labour intensity (expressed in terms of labour-capital ratio) of investment projects should be maximised. According to rough estimates, the cost of employing an additional worker in industry is Rs. 20,000 as against only Rs. 600 for employing him in rural works.<sup>2</sup> At first sight, therefore, the cheapest and most effective way of absorbing surplus labour would seem to be the expansion of rural works. However, this simple criterion of maximising the labour-capital ratio is not entirely satisfactory: it takes into account only the *direct* employment effects of a given investment, ignoring the fact that the multiplier effect of the same investment in industry (increased demand resulting from higher incomes generated by investment) will *ultimately* create much more employment than the most labour-intensive project. Therefore, given alternative projects of varying degrees of labour-intensity, the more relevant criterion may be to choose one for which the present discounted value of future income or consumption stream is the highest.

## Conclusion

The empirical analysis of manpower planning as an integral part of over-all planning, as carried out in the present paper, leaves much to be desired. The existence and availability of adequate, detailed and reliable data is a vital prerequisite for any refined empirical research on the various aspects of manpower and educational planning in developing

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<sup>1</sup> *The Third Five-Year Plan*, op. cit., p. 25.

<sup>2</sup> *Pakistan's Perspective Plan (1965-85)*, op. cit.

countries. Without the necessary statistics, verification or refutation of various theories and hypotheses that have been propounded lately is an extremely intricate task. The usual way of circumventing this difficulty is to cover statistical gaps by making unrealistic and somewhat bold assumptions. Our analysis has also been seriously affected, for instance, by the fact that very few, if any, data exist on the amounts of investment into such sources of skills as on-the-job training and practical experience (or "learning by doing"). Unlike physical capital equipment, human beings do learn from experience, and while marginal returns from machinery decline with age (owing to higher depreciation) those from human beings continue to increase for a considerable period after they have started working.<sup>1</sup>

Given the necessary data, the analysis of educational requirements, for instance, can be carried further by estimating the amount invested in educating and training per skilled worker by type of skill. The traditional concept of capital-labour ratios does not take account of this human investment. However, it is more appropriate to include both the physical capital employed per worker and the capital invested in training him in order to arrive at the total capital-labour ratio. This technique provides a link between educational planning, manpower planning, and investment planning that is well worth exploring. Further fact-finding needs to be done before an empirical analysis of the kind undertaken in this paper can be utilised as a reliable basis for policy making.

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<sup>1</sup>See H. S. HOUTHAKKER: "Education and income", in *Review of Economics and Statistics* (Cambridge, Massachusetts), Vol. XLI, No. 1, Feb. 1959, pp. 24-28.



# Wage Determination: Institutional Aspects

Jean MOULY <sup>1</sup>

## Introduction

THIS ARTICLE sets out to analyse national wage-fixing practices with the aim of ascertaining whether they are likely to give rise to wage increases that are unrelated to the state of supply and demand on the labour market. This in turn may suggest certain changes that might be made in these practices as part of an anti-inflationary wages policy and may also cast light on the obstacles that would have to be overcome in putting such a policy into effect.

In practice, wage determination in Western Europe can be said to fall into two (sometimes more) stages.

First, there is usually formal machinery for determining wage scales, for example collective bargaining, arbitration or statutory procedures, which generally leads to the setting of fairly general minimum wage rates, usually varying in accordance with the industry and degree of skill. Not only are they minimum rates, which may be exceeded, but in most cases it is implicitly understood that actual wages will be a good deal higher. Sometimes, however, these formally established rates are not minimum but standard rates, as in the Netherlands; this is also generally the case in every country as regards the salaries of civil servants and, sometimes, the staffs of publicly owned or nationalised industries.

Secondly, these formal procedures are usually supplemented at the plant level by a variety of practices whereby formal wage scales are translated into actual earnings. It is these practices that govern the margin by which actual earnings exceed the minimum wage scales formally laid down.<sup>2</sup>

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<sup>1</sup> International Labour Office.

<sup>2</sup> It may be as well at the start to clarify a few points of terminology. It is important to distinguish between wage *rates*, which constitute the cost of a "unit of work" performed (the cost of normal working or the cost of overtime or the cost of continuous working or the cost per unit produced, etc., as the case may be) and *earnings*, which are the remuneration received by a worker for the work actually performed during a certain period. In addition, a distinction must also be drawn between *minimum rates*, below which actual rates may not fall, and *standard rates*, which are binding in that actual rates may be neither higher nor lower.

In practice, therefore, the relative importance of these two stages in wage determination depends on the degree of detail in which wages are regulated by the formal procedure, that is the extent to which the latter is confined to general questions governs the scope for uncodified practices.

Accordingly we propose, after making a quick survey of national practices and endeavouring to single out the factors affecting the level at which formal wage determination stops, to analyse in turn:

- (i) the operation of formal wage determination procedures; and
- (ii) the machinery for determining workers' actual earnings at the plant level.

We shall endeavour in each case to ascertain the factors tending to push wages upwards irrespective of the state of supply and demand in the manpower category in question. In conclusion, an attempt will be made to gauge the prospects of success for a wages policy and to suggest the best approach to such a policy.

### **Classification of national practices**

The great variety of methods and practices employed in wage determination reflects the complexity of the problem. It is possible for the sake of clarity to divide the methods employed in Western European countries into a number of categories according to their institutional character. This classification is, of course, largely arbitrary and only one of the many that are possible. It is based on the degree of state participation in wage determination, and comprises three main groups.

#### **1. BARGAINING BETWEEN THE PARTIES WITHOUT REFERENCE TO THE STATE**

Such bargaining may be carried out at different levels.

(a) It may be unco-ordinated, that is each national confederation, each industry-wide or craft federation, each sectoral or regional union, and each local or plant branch tries to obtain the best possible terms from its opposite number, which may be the employers' organisation or the plant management. Decentralised bargaining is the rule, for example, in the Federal Republic of Germany, where the Government exercises no supervision over the negotiation, conclusion and content of collective agreements and the industry-wide unions bargain in almost complete independence. This is also the position in a number of other countries, such as Belgium, France and Switzerland.

(b) Central "round-table" consultations may be held between the employers and workers to ensure that subsequent decentralised negotiations are guided by a fuller knowledge of the general economic position and of the scope for, and prospects of, agreement. Above all, this type of

joint analysis of the economic outlook, whether for the country as a whole or a particular section of the economy, also gives the parties an idea of the "room for wage increases".<sup>1</sup> Central consultation of this kind takes place, for example, in Sweden in the years when employers and workers are not negotiating general agreements. Similarly in Austria the Joint Committee on Prices and Wages, which examines wage claims and decides whether or not to give the "green light" for negotiations to begin, in fact—although its views are not legally binding—constitutes a central joint consultative body.<sup>2</sup> This system of central consultation is somewhat akin to other cases in which employers' and workers' representatives meet or exchange views: the Netherlands Labour Foundation, which is an official advisory body comprising workers and employers, and, to a lesser extent, the French Economic and Social Council and similar bodies in other countries (Belgium, for example), which do not include employers and workers only, but where they have an opportunity of putting forward their views during discussions on points over which they are consulted by the Government.

(c) A stage further on bargaining may be centralised, that is the principles to be followed in industry-wide, regional or plant bargaining are generally agreed on the basis of the "room for wage increases" that has been accepted after discussion by both parties. This is, for example, the situation in Sweden whenever—as seems to have become the rule—frame agreements are negotiated. The practice in Norway and Denmark is much the same.

## 2. BARGAINING BETWEEN THE PARTIES, AND STATE INFLUENCE

Normally, however, the State does not stand aside from bargaining that can affect the over-all balance of the national economy. State influence may, therefore, be brought to bear on the parties responsible for wage fixing so as to ensure that any agreements conform to, or at least do not conflict with, the Government's general objectives. These practices often tend after some time to lead to changes in methods initially designed to enable wages to be fixed by negotiations between the parties independently of the State. The changes may be permanent and to some extent institutional or may only appear sporadically whenever circumstances appear to make them necessary.

(a) The State may wield its influence merely by bringing *information* to the knowledge of the parties, that is facts or data likely to affect their

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<sup>1</sup> On the subject of this concept of the "room for wage increases" see B. HANSEN: *The economic theory of fiscal policy* (translated from Swedish) (London, Allen & Unwin, 1958), p. 331.

<sup>2</sup> The fact that four ministers sit on this committee does not lessen its function as a joint consultative body; this is because of the close links between the government members and the other representatives, and the discreet part played by the government members in the discussions.



decisions and deter them from action that is considered detrimental to the national interest. This form of intervention is encountered at one time or another in virtually all Western European countries. For example in Sweden, Norway and Denmark the governments have at various times expressed opinions and made recommendations in public statements issued before negotiations have begun. In the Federal Republic of Germany the Government recently appointed a committee of experts to publish objective surveys of the economic situation and the part played by both sides of industry in its development. Similarly in the United Kingdom the Prices and Incomes Board, which was recently appointed by Order in Council, will, at least in its early stages, carry out investigations into wage and salary increases and the arrangements relating thereto. In France, also, an incomes study centre staffed by a group of experts has been set up to report on the extent to which the policies of the employers' and workers' organisations are in accordance with the directives issued by the Government to implement its development plan.

(b) Often, however, governments do not confine themselves to providing the parties with information about the current situation. By giving the widest circulation to this information, they can also lay the matter before public opinion, which in turn may exercise a certain *pressure* on the bargaining partners. Governments may go further and issue exhortations, sometimes backed up by details of the measures they "might be compelled to take" if their advice—which by now is more in the nature of a directive—is not heeded. The forms of pressure available to a government are quite numerous: close control of credit, the manipulation of foreign trade regulations, and the threat of withholding government contracts are among the more obvious devices for influencing the behaviour of the parties to collective bargaining. Official exhortations are particularly common in France, where the Government has for many years pursued a practice of holding meetings and "round tables" with representatives of employers' and workers' organisations and sometimes explicitly states that if its counsels of moderation are not followed, it may fall back on various forms of coercion.<sup>1</sup> In the Federal Republic of Germany the Government has also on a number of occasions appealed to public opinion or launched campaigns in support of its views and has at times even hinted at the possibility of official intervention if the parties could not reach agreement in cases of special importance to the national economy.<sup>2</sup> Thus appeals and exhortations may gradually turn into measures directly backed by the whole authority of the State.

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<sup>1</sup> See, *inter alia*, "Lettres de M. Debré au Conseil national du patronat français (C.N.P.F.)", especially the letter dated 6 March 1961. See also "Des moyens de dissuasion en matière d'augmentation de salaires", in *Usine nouvelle* (Paris), No. 8, 22 Feb. 1962, p. 4.

<sup>2</sup> For example in the case of the iron and steel industry in 1963. It should be added, however, that in the Federal Republic of Germany it is fairly generally agreed that the State should confine itself to appeals and exhortations and should not actively intervene.

### 3. BARGAINING BETWEEN THE PARTIES, AND STATE AUTHORITY

The authority of the State may also be exercised more directly within a permanent institutional framework enabling the government to impose its solution either in special circumstances (disputes, for instance) or more generally. By and large, exercise of this authority is of the following two types.

(a) Central supervision leaves the parties completely free to decide on the wage levels to which they can agree. The parties thereupon conclude agreements, but these are not valid until they have been approved by a central body. For example until early 1963 this was the system in force in the Netherlands, where the Council of State Mediators had to endorse all agreements between employers' and workers' organisations. In doing so it had to conform to certain general principles laid down by the Government.<sup>1</sup>

(b) Central or imposed wage fixing is virtually non-existent in Western Europe. It has been used in many countries during periods of emergency but nowadays is normally confined to national minimum wages or to cases in which the terms of collective agreements negotiated in the normal way are extended to employers and workers who would otherwise not be covered (as in Austria, Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and Switzerland for agreements fulfilling certain conditions). Official wage fixing may also take the form of statutory enforcement of an arbitration award that the parties to a dispute refuse to accept, as in Denmark, where arbitration plays an important part and is accompanied by a marked tendency on the part of the Government to intervene through legislative channels whenever serious disputes cannot be settled by the normal machinery.

### **Wage-fixing machinery and wages policy**

All these methods clearly fit fairly well into a "wages policy", that is a series of measures designed to co-ordinate the growth of wages while at the same time safeguarding the workers' living standards. This is not only compatible with non-inflationary economic growth but is even favourable to it. Its aim is to prevent a situation arising—through unco-ordinated settlements at the mercy of local or passing circumstances—that might lead to wage rates being fixed without any economic or social justification. It seeks to establish a national wages structure that simultaneously meets the needs of the economy and the requirements of social justice, without any anomalies or inequities that would ultimately prove disruptive.

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<sup>1</sup> Since 1963 agreements have had to be endorsed by the Labour Foundation, a bi-partite body independent of the Government, which formerly acted only in an advisory capacity.

Even those who pin most faith on the untrammelled working of the economic mechanism for securing optimum growth and distribution of incomes usually admit that it is advisable to help this mechanism to function. The real world does not work either as transparently or as smoothly as the formulas of classical economics suggest, and it is important that any decisions by the parties, even—and above all—if they are decentralised, should take account of general conditions in the economy and be sensibly fitted into the national context.

Measures designed to achieve this result, of whatever type they may be, amount broadly speaking to a “wages policy”. At one extreme, however, they entail nothing more than the exchange of information, and as the decisions are entirely taken on the periphery, it is hardly possible to speak of a genuine wages policy. It might be more accurate to say that if there is to be any “wages policy” in the true sense of the term, decisions must be taken centrally in the light of national conditions and should govern any wage adjustments made at the industry and plant levels. However, the distinctions are often less clear-cut. Information is a factor in any decision, and the pooling of information, coupled with extensive centralised consultation looking beyond local circumstances at the picture as a whole, implicitly contains the germ of centralised decision-making, that is a policy in the usual sense of the term.

Thus, containing as it does a centralising element in the shape of compulsion exerted from the centre outwards, a policy's effectiveness will be enhanced to the extent that the State gives it the backing of its authority; here too, as we have seen, many gradations are possible.

But whatever the nature of a wages policy, its purpose must be to exercise more or less control over the trend of workers' earnings. Its overriding aim in a world where there seems to be a built-in tendency towards economic expansion, and in which economic growth and full employment are essential goals of government economic policy, is to keep wage increases down to a level compatible with continued expansion.

### **Wage rates and earnings**

In practice, workers' earnings are governed by a complex set of factors. They depend in the first place on the wage rate or scale, which specifies the basic wage for the occupation or group of occupations in question and is related to a specified working time <sup>1</sup> (hour or week in the case of most wage earners and month or year for salaried employees). Sometimes there are special scales or rates for certain classes of workers (young persons, women, handicapped workers) and often wage scales

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<sup>1</sup> Payment by results is normally linked with hourly rates, i.e. it usually takes the form of setting “output standards” so that a worker of average skill can earn the hourly rate plus a certain percentage.



vary from one part of a country to another. These scales set the standard for workers' wages. But *earnings* comprise other factors, which may or may not be codified and which are designed to adjust the standard to the various special characteristics of the employment of each individual, for example output bonuses whenever output is measurable (especially piecework), compensation for arduous jobs, bonuses for continuous-process working, and special rates for overtime or night-work.

The result is that the wage structure reflected in the wage rates listed in collective agreements, or in other instruments with the same effect, may be—and in fact is—somewhat different from the actual pattern of workers' earnings. For example an economist discussing the position in Great Britain has noted “a progressive divergence between nationally negotiated wage rates and actual earnings. In manufacturing, the gap has become so large that negotiated rates often bear little or no relation to levels of earnings, so that negotiators seem to be arguing about unreal abstractions—wage rates which virtually nobody is actually paid since they are augmented by innumerable other payments given by individual firms and have no place in national negotiations.<sup>1</sup>” In certain countries at certain times wage rates and actual earnings have been largely unrelated to each other. Italy, for example, is probably one of the countries where the gap is widest—a difference of 25 to 30 per cent. between the “contractual” wage, i.e. the wage based on negotiated rates, and actual earnings is by no means exceptional.<sup>2</sup> In France, also, the gap between negotiated rates and actual earnings is sometimes impressive—an estimated 40 per cent. in the case of certain workers in the metal trades in the Paris area in 1960, which explains why a negotiated increase in wage rates of 17 per cent. secured in that year had virtually no effect on the actual earnings of the workers concerned.<sup>3</sup> On the other hand, in other countries, such as the Netherlands, wage rates and actual earnings seem to follow each other more closely.

### **Bargaining level, negotiated rates and actual earnings**

The frequent discrepancy between movements in formal wage scales and in actual earnings is partly due, as was pointed out earlier on, to the fact that wage-fixing machinery is usually only concerned with *minimum* rates, the rates actually paid being governed by a variety of practices, often

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<sup>1</sup> K. G. J. C. KNOWLES: “Wage structure and productivity in Great Britain”, in J. T. DUNLOP and V. P. DIATCHENKO (eds.): *Labor productivity* (New York, McGraw-Hill, 1964), p. 254.

<sup>2</sup> A. M. ROSS: “Prosperity and labor relations in Western Europe: Italy and France”, in *Industrial and Labor Relations Review* (Berkeley), Oct. 1962, p. 68. The gap was often anything from 70 to 100 per cent. in the 1950s (see M. EDELMAN and R. W. FLEMING: *The politics of wage-price decisions: a four-country analysis* (Urbana, University of Illinois Press, 1965), p. 39).

<sup>3</sup> Ross, *op. cit.*, p. 77.

at the plant level itself. Clearly, therefore, the degree of "wage drift"<sup>1</sup> will depend on the level at which the fixing of wage rates takes place. If the formal machinery provides for wages to be fixed all the way down to the plant or even workshop level, the gap between negotiated and actual wage rates will probably be very slight. Similarly, if the formal procedures lead to the setting of standard and not minimum wage rates, the latter will be applicable without change and one can therefore expect a marked similarity between the formal wage scale and actual earnings.

In short, wage drift reflects the tendency of wages to depart from the "standards" represented by formal wage scales arrived at through institutionalised procedures. Obviously a wages policy designed to control increases in workers' earnings can act far more directly upon such a formal wage scale than on actual wage rates and earnings, which are difficult to pin down and are the outcome of a mass of decentralised decisions that are often difficult to keep track of. But, as we shall now try to demonstrate, formal procedures are themselves difficult to control, while at the same time they often encourage an independent trend in wages that is unrelated to the state of supply and demand on the labour market.

### **Determination of formal scales of wage rates**

#### **Significance of wage rates**

Although formal wage scales and rates do not necessarily play a decisive part in the ultimate determination of workers' earnings they are, nevertheless, of very great importance, since once fixed they constitute *minimum* earnings and a form of protection for the workers and, furthermore, these minimum earnings then serve as a starting point for the wage drift that determines the actual level of earnings.

In addition, the determination of wage rates rather than earnings is "*convenient*": when discussions are conducted through centralised machinery it is virtually unavoidable that they should concentrate on wage rates, and usually minimum rates, rather than on earnings. As has been suggested, formal wage scales are sufficiently abstract and general to lend themselves to objective formulation. Earnings, on the other hand, reflect the particular circumstances of each individual's employment and, by virtue of the fact that they are personal in character, cannot normally be dealt with in general negotiations in which details have to be left out of account.<sup>2</sup>

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<sup>1</sup> A technical and more precise definition of this term is given on p. 515.

<sup>2</sup> It is true, of course, that in certain countries, such as Sweden, the practice is for central collective bargaining to be concerned with higher earnings and not wage rates. However, the distribution of the earnings on which agreement is reached is based on new scales and as a result of wage drift (discussed later) these scales ultimately tend to result in earnings that are appreciably higher than those initially agreed upon. See Jean MOULY: "Wages policy in Sweden", in *International Labour Review*, Vol. 95, No. 3, Mar. 1967, pp. 166-201.

But this is not the only reason for the importance usually attached by employers' and workers' organisations to discussions on wage rates. The latter have a far-reaching social significance and in addition may also constitute a highly effective device for forcing up the entire wages structure.

It is a very well-known fact that, independently of their economic value, wage rates negotiated at a high level have great sociological significance as status symbols<sup>1</sup>, and it is virtually a commonplace that beyond a certain minimum level of income, which is quickly reached, individuals are apt to attach more importance to their relative position vis-à-vis other workers than to their absolute position. But whereas a worker's earnings, owing to the complex factors involved, are not always very obvious or immediately apparent, a formal wage scale is objective and public, and takes on the characteristics of a distribution of social "labels". The very way in which it is established with the approval of both sides gives it the appearance of recognising the relative social value of the jobs to which it applies. This certainly accounts for the rigidity of traditional wage structures and the frequent references made to them by workers whose relative position has worsened, when demanding restoration of the former parity.

This, then, explains to some extent the importance that continues to be attached to formal scales of wage rates. In addition, however, negotiation of these rates is a powerful and effective device for raising the level of wages generally, as we shall try to show.

Any structure of wage rates usually has one or more weak points through which it can be undermined or attacked. There are individual rates that negotiators are likely to be willing to admit to be in need of an increase, either because of economic considerations such as higher profits (whether or not due to higher productivity) or because of more specifically social considerations such as the need to raise unduly low wages to meet the higher cost of living or to correct disparities in earnings by increasing negotiated *rates*. However, since the new rates will modify a relatively well-established structure, they are likely in each case and for the reasons given earlier to set off a chain reaction consisting of upward readjustments of rates all the way along the line. Let us examine these possibilities in greater detail.

### **Productivity trends and the spread of higher wage rates**

Technical progress is obviously very uneven as between one industry or occupation and another. Even so, it is usually considered to be "fair" that workers should benefit from higher productivity whenever it leads to higher profits and that wages should increase simultaneously with

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<sup>1</sup> KNOWLES, *op. cit.*, p. 254.



the latter.<sup>1</sup> This is accepted even if it is admitted that productivity is increasing for reasons that have nothing to do with the labour force, for example improvements in production processes or new investment. However, when productivity is rising, employers can be expected to be more sympathetically disposed towards wage claims. Higher productivity is, therefore, a factor facilitating upward adjustments in wage rates in the occupations or industries concerned. From this point onwards—the upward adjustment of certain rates—there are two ways in which the movement can spread to wage rates as a whole.

In the first place it is likely that in an occupation or industry where productivity is rising, not all the firms will progress at the same speed; some of them will manage to step up their productivity substantially while others will make no gains at all. But the negotiated wage rates will tend to be based on the amounts that can be afforded by the most efficient firms or will at least tend to approach that level. In fact, one of the arguments put forward in favour of this result is usually that workers should not be penalised because of inefficient management in the firm employing them.<sup>2</sup> This does not mean that the marginal firms will be put out of business, for in an expanding economy—and in the modern world the maintenance of economic growth and full employment is nearly always a political necessity—the most progressive firms may feel that their interest lies not in eliminating their competitors but in setting their prices at a level that will allow the marginal firms to survive while enabling them to raise their own profit margins considerably.<sup>3</sup> As a result, a twofold phenomenon occurs: adoption by each industry or branch of the economy of new wage rates on the basis of productivity gains achieved by the most go-ahead firms, followed in all likelihood by an increase in prices. The inflationary implications of such a development are clear, for it means that the average increase in wages will tend to exceed the average rise in productivity.

Furthermore, it is likely that demands for higher wages will not be confined to the industry in which higher productivity has been achieved or is possible. Considerations of fairness reminiscent of those referred to earlier will often result in the feeling that there is no reason why the benefits of higher wages should be monopolised by workers who happen to be employed in industries which have the good fortune to be expanding

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<sup>1</sup> Some unions go further and refuse to agree that productivity gains should place a ceiling on wage increases. They argue that the workers' share in the national income should be increased irrespective of the trend of productivity. This has been the line taken in the Federal Republic of Germany by the German Confederation of Trade Unions (D.G.B.) (see A. M. Ross: "Prosperity and labor relations in Europe: the case of West Germany", in *Quarterly Journal of Economics* (Cambridge, Massachusetts), Vol. LXXVI, No. 3, Aug. 1962, p. 356).

<sup>2</sup> It can even be argued that wage increases in marginal firms are justified as a way of compelling them to overhaul or modernise their methods.

<sup>3</sup> According to EDELMAN and FLEMING, op. cit., pp. 96-97, the Federal Republic of Germany is an example of an economy where "cut-throat" competition is looked upon as "barbaric" and is not usually practised.

rapidly because of technical progress and growing demand.<sup>1</sup> The workers left behind by this development will demand compensation for their inability, through no fault of their own, to secure any benefit from higher productivity. They will insist, with every appearance of justification, on maintaining their relative earnings vis-à-vis the workers benefiting from technical progress. Attachment to the traditional wage hierarchy, the “sociological aspect”, and fear on the part of the unions that the introduction of large, new differentials will lead to strife within the trade union movement all help to explain why in practice, although in varying degree, it is common for wage increases to display a fairly uniform trend. This is further strengthened by institutional factors, for in many countries wages for most industries are negotiated either simultaneously or at short intervals in the course of “wage rounds” that recur fairly regularly, while in some cases they are dealt with in a single, nation-wide agreement laying down the general wage structure for the whole country—a practice that has grown up in Sweden, Denmark, the Netherlands and the United Kingdom. A good example of this kind of “trend setting” by the most progressive firms and industries can be found in recent Italian developments. In 1962, after negotiations first of all with the industrial giants controlled by the Industrial Reconstruction Institute (I.R.I.) and with Fiat and Olivetti, the unions managed to obtain an increase of 12 per cent. for the metal-working industries as a whole, where productivity was high, and of 10 per cent. in ship building, where productivity gains had been slight.<sup>2</sup> The chart below, which demonstrates the parallel trend of wage rates in a number of French industries in which there is every reason to believe that rises in productivity varied widely, is another striking illustration of the inflexibility of the structure of wage rates even over a comparatively long period. A recent survey by the Organisation for Economic Co-operation and Development<sup>3</sup> comes to the conclusion, after analysing statistical series for a number of European and North American countries, that there is marked stability in the wage structure, and that this stability is very pronounced in the case of differentials between industries and less pronounced, but nevertheless appreciable, in the case of those between occupations.<sup>4</sup>

Such practices, of course, tend to be inflationary in character unless monetary policy is used as a counter-measure, because ultimately these wage increases, taking the country as a whole, are unrelated to over-all productivity gains. Plainly the answer is to ensure that both growth rates keep in step, and many hopes have been expressed that this should be done.

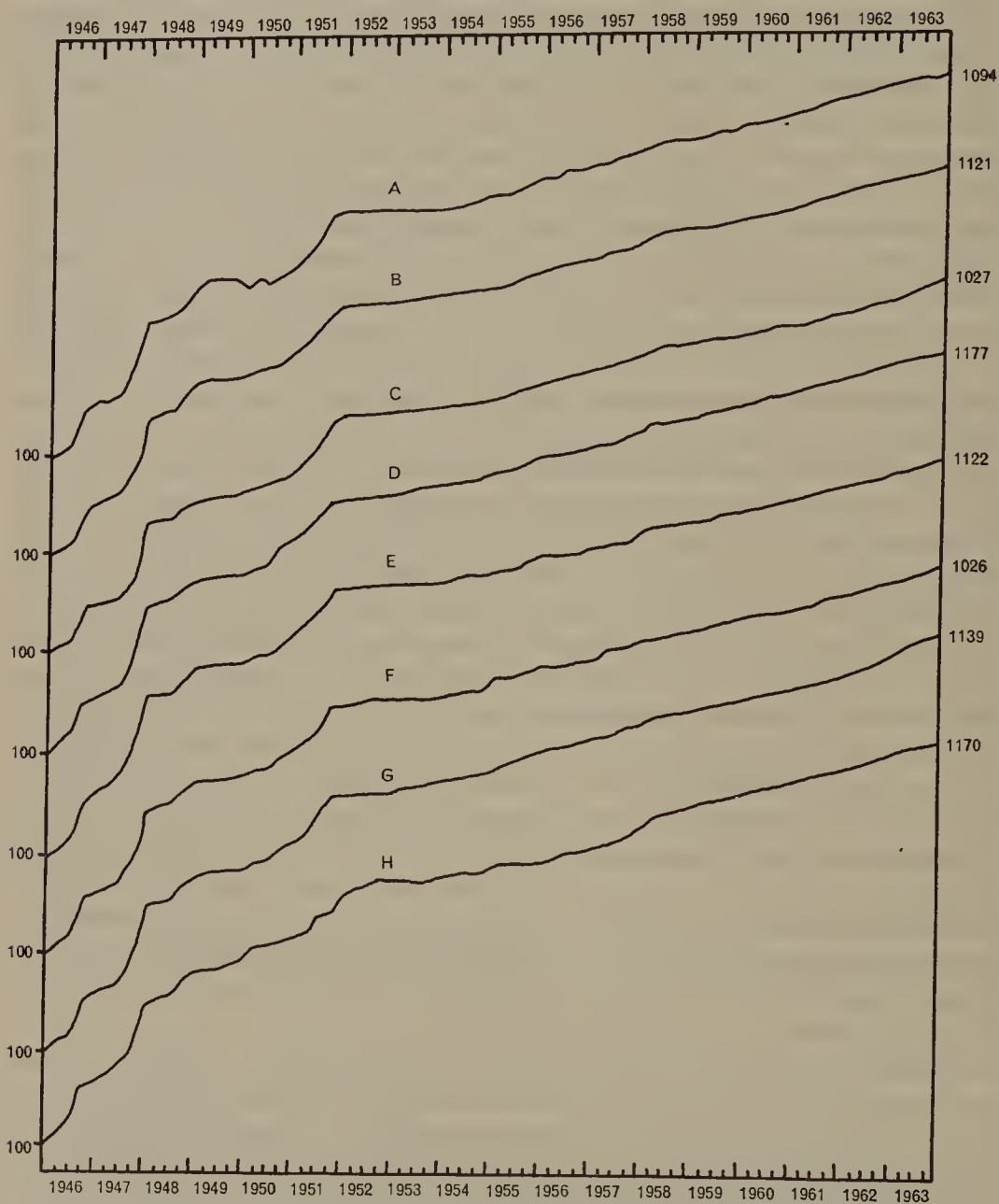
<sup>1</sup> The policy of “solidarity” pursued by the trade unions of the Scandinavian countries in fact boils down to this.

<sup>2</sup> EDELMAN and FLEMING, *op. cit.*, pp. 51 and 297.

<sup>3</sup> O.E.C.D.: *Wages and labour mobility* (Paris, 1965), Ch. II.

<sup>4</sup> This conclusion is confirmed by the statistical analysis by H. GÜNTER: “Changes in occupational wage differentials”, in *International Labour Review*, Vol. LXXXIX, No. 2, Feb. 1964, pp. 136-155.

HOURLY WAGE RATES FOR THE WHOLE OF FRANCE, BY BRANCH OF ACTIVITY  
(Base index 100 on 1 January 1946. Logarithmic ordinates)



A = Metal production  
B = Electrical and engineering industries  
C = Building and public works  
D = Chemicals and rubber

E = Textiles  
F = Hides and leather  
G = Paper and board  
H = Printing and publishing

Source: *Etudes et Conjoncture* (Paris, I.N.S.E.E.), No. 8, Aug. 1965 (number entitled "Données statistiques sur l'évolution des rémunérations salariales de 1938 à 1963"), p. 29.



In France the Government has exhorted the employers' and workers' organisations<sup>1</sup> to see to it that wage increases follow and do not overtake the over-all rise in productivity, while the official plan announces the maximum annual average wage increase per head compatible with the rate of economic growth.<sup>2</sup> Similarly in the United Kingdom the average annual rate of increase in nominal incomes per head consistent with a stable general level of prices has been stated to be between 3 and 3.5 per cent. (subject to periodical review), and the National Economic Development Council, where general policy is concerned, and the recently established Prices and Incomes Board, where particular cases are concerned, will endeavour to enforce this standard. In the Federal Republic of Germany also an official document<sup>3</sup> has declared that "the need to keep wage increases in step with anticipated rises in productivity . . . must continue to be a guiding principle".

However, while it is often argued that, in the interests of price stability, wage increases should be governed by the trend of productivity<sup>4</sup>, in practice this principle comes up against a number of major snags. The calculation of productivity and the weightings to be employed are difficult questions to solve and even though not insuperable are nevertheless awkward and controversial. The Federal Republic of Germany affords an example of the kind of inaccuracies that can be expected. The *Blessing Memorandum*, prepared by the Chairman of the Federal Bank at the request of the Prime Minister and published in January 1960, estimated that in the year ahead wage increases should be based on an estimated productivity gain of between 3 and 4 per cent. In fact, however, the gain was considerably greater and amounted to 6.4 per cent.<sup>5</sup> Recent experience in the Netherlands is even more instructive. After initially pursuing a policy of keeping wage increases in line with over-all national productivity gains<sup>6</sup>, the Netherlands was forced in 1959 to go over to a system whereby wage increases were permitted on the basis of productivity gains in the industry concerned. Even so, the system did not work satisfactorily and had to be scrapped in 1963. It was found that the figures for productivity gains in individual industries were unreliable and that in practice the parties negotiated wage increases between themselves and then put forward

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<sup>1</sup> See in particular "Lettres de M. Debré au Conseil national du patronat français (C.N.P.F.)", op. cit.

<sup>2</sup> Between 3 and 3.5 per cent. under the Fifth Plan.

<sup>3</sup> Supplement dated June 1963 to the Government's second economic report.

<sup>4</sup> As mentioned earlier, the unions may consider that the workers' share in the national income is too small and should be expanded irrespective of any productivity gains, in which case, of course, the principle set forth here would only be valid in the long run. As we have already seen, this is the case in the Federal Republic of Germany.

<sup>5</sup> EDELMAN and FLEMING, op. cit., p. 297. Despite exhortations to the employers' and workers' organisations, even larger wage increases took place. See Ross: "Prosperity and labor relations in Europe: the case of West Germany", op. cit., pp. 355-356.

<sup>6</sup> These gains govern the "room for wage increases".

agreed productivity statistics to support their proposals and obtain endorsement from the Council of Mediators, which, lacking reliable data of its own, was not in a position to question the figures placed before it. In addition, for the social reasons mentioned earlier, some wage increases also had to be granted in certain industries such as construction where productivity gains had been virtually negligible.<sup>1</sup>

### **Local imbalances between manpower supply and demand and the spread of wage increases**

A similar spread of wage increases may, of course, occur when a particular wage rate or group of wage rates is increased for any reason. For example a local shortage of workers with a particular skill may force up their wages in the area affected. Workers with the same skill but employed in other areas where there is no shortage will thereupon try to secure the same higher wage. Workers with other skills will then set out to adjust their relative position so as to restore the earlier differentials. In other words a *local* imbalance between supply and demand can lead to a *general* increase in wages that will not reflect any nation-wide shortage.

Clearly, this will only take place in so far as manpower mobility is slight, since otherwise the local manpower shortage would speedily be met by an influx of workers, which would force down earnings to the "normal" level or prevent them from increasing or else limit any increase that does take place. In fact, however, it seems that spontaneous manpower mobility is not normally sufficient to achieve such an adjustment.<sup>2</sup> The prospect of a general rise in wages caused by such a situation may make it worth while to pursue an *active manpower policy* under which machinery is set up to facilitate geographical and occupational mobility. Such a policy, by eliminating or at least curtailing local manpower shortages, would also lessen inflationary pressures on wages. In Sweden, for example, an active manpower policy has for many years past been regarded as a necessary adjunct to the Government's attempts to check the inflationary effect of wage negotiations.

### **Higher living costs and higher wage rates**

If a rise in one or more wage rates—for example because the productivity of the workers receiving the rate or rates in question has increased or because the demand for these workers is greater than the supply—can be expected to cause a general rise in wage rates, there are obviously good grounds for assuming that the same thing will happen when any part of the wage scale moves upwards for any reason. Most of the explanations given in connection with productivity gains also account for the rises in

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<sup>1</sup> EDELMAN and FLEMING, *op. cit.*, p. 299.

<sup>2</sup> O.E.C.D.: *Wages and labour mobility*, *op. cit.*, especially pp. 140-141.

wage scales as a whole that occur when one of the rates within the scales gets out of step with the others for particular reasons.

A rise in the cost of living, for example, may make it essential to increase the lowest rates in the wage scale. In some countries it is even, either generally or in certain industries, a statutory ground for increasing wages below a certain level, as in France, where the statutory minimum wages for agricultural and non-agricultural occupations (S.M.G.A. and S.M.I.G. respectively), which set a floor below which no workers' earnings may fall, have been pegged<sup>1</sup> with a time lag of two months to the upward movements of the retail price index (known as the "179 items").<sup>2</sup> However, any pegging of wages by collective agreement to the movement of minimum wages themselves or to movements in any index has been forbidden by law since 1958. Yet despite this ban on the general pegging of wages, in practice the wages structure is so inflexible that (as

AVERAGE WAGE RATES FOR MEN, BY OCCUPATIONAL CATEGORY, IN RELATION  
TO AVERAGE WAGE RATES FOR COMMON LABOURERS (MALE), IN AREAS  
WITHOUT SPECIAL WEIGHTING, IN FRANCE, 1948 TO 1964

Year	Common labourer	Specialised labourer	Semi-skilled worker	Skilled worker
1948 (15 Feb.) . . . . .	100	108	119	138
1949 (1 Jan.) . . . . .	100	108	119	143
1950 . . . . .	100	108	120	137
1951 . . . . .	100	107	117	133
1952 . . . . .	100	108	118	135
1953 . . . . .	100	107	119	136
1954 . . . . .	100	107	119	138
1955 . . . . .	100	106	117	135
1956 . . . . .	100	107	118	137
1957 . . . . .	100	107	119	139
1958 . . . . .	100	108	119	139
1959 . . . . .	100	107	119	139
1960 . . . . .	100	107	116	138
1961 . . . . .	100	107	119	139
1962 . . . . .	100	108	119	139
1963 . . . . .	100	108	120	140
1964 . . . . .	100	107	120	140

Source: *Etudes et Conjoncture*, No. 8, Aug. 1965, op. cit., table XIII, p. 34.

<sup>1</sup> Since 1952.

<sup>2</sup> It should be noted, however, that the law also makes provision for the raising of minimum wages "in the light of general economic conditions and the development of the national income". In accordance with this principle, both minimum wages have been increased several times independently of any variation in the index of the "179 items" so as to give the worst-off wage earners the benefit of higher national productivity.



will be seen later) after every increase in the non-agricultural minimum wage, which to all intents and purposes only affects unskilled labourers, the wages of skilled workers have quickly resumed their relative position.<sup>1</sup> The ultimate result by and large is therefore the same as if there were a general pegging of the entire wage scale. This is brought out clearly by the table above, which shows that, in relation to the average earnings of unskilled labourers (which are influenced by the minimum wage), differentials have remained remarkably constant over the last 15 years.

This pegging of wages, which is the most inflexible form of link between wage rates and the cost of living, has at one time and in one way or another been fairly widely used in recent years in many other Western European countries (Belgium, Denmark, Italy, Luxembourg, Norway, the Netherlands and the United Kingdom). In most cases this has been done by collective agreement but has varied considerably in its immediate effects.

These effects are greatest in Italy, where virtually all wage earners at the present time are covered by the system of pegging wages to the cost of living, which is embodied in the agreements negotiated between the employers' and workers' confederations. Unlike French legislation, these agreements provide for an automatic adjustment in the event of a fall as well as a rise in the cost of living, although the adjustment procedure is far more favourable to increases than to reductions of wages. The cost-of-living allowances payable in accordance with this sliding scale increase with each step up the scale of wage rates, so that there is a direct link between the evolution of the wages structure as a whole and fluctuations in the cost of living (as estimated on the basis of an ad hoc "agreed family budget").<sup>2</sup>

Sometimes this system is used on a more limited scale, for instance in the United Kingdom, where it is in operation mainly in building, iron and steel, and printing, but is virtually unknown in other sectors.

It would, however, be a mistake to draw a hard-and-fast line between two distinct systems of wage fixing according to whether or not they use a sliding scale. This pegging of wages merely institutionalises the relationship between wages and prices. But the relationship itself is very general; when wages are not automatically adjusted to the cost of living by such a device, they catch up whenever collective bargaining begins again. A further point is that provision is sometimes made not for wages to be pegged to the cost of living but for a revision to be carried out, following

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<sup>1</sup> *Etudes et Conjoncture*, No. 8, Aug. 1965, op. cit., especially pp. 33-34.

<sup>2</sup> The pegging of wages to the cost of living by collective agreement is also widespread in Belgium, although the system has not been unified as it has in Italy. All agreements are based on the national retail price index but the method varies from one industry to another. Usually a change of 2.5 per cent. in the index sets the adjustment machinery in motion, which, depending on the agreement, may affect the negotiated minimum wage or the actual wage rates paid. Luxembourg and Denmark also have a general system of pegging wages to the cost of living.

discussions between the parties to a collective agreement, whenever the index of prices goes up by a certain number of points. This is the case in Sweden, where a clause providing for negotiations to be re-opened was included in the nation-wide agreements for 1952 and again in 1957-58. The same system has been employed on many occasions in Norway, although there, collective agreements have sometimes also provided for the automatic readjustment of wages in step with changes in the cost of living. In other countries new talks can sometimes be opened, because, although concluded for an indefinite period, the agreements can be terminated after due notice. This is so in a number of cases in Belgium, Luxembourg and the United Kingdom.

Broadly speaking, this provision (or opportunity) for re-opening negotiations, like the sliding scale, is a way of protecting wage earners against any developments to their detriment that might take place during the life of a collective agreement. In fact, workers' approval for a long-term collective agreement is nearly always conditional upon the insertion of a clause of this type (as in Sweden in 1957), which makes it clear that this system is to some extent an alternative to a shorter interval between official negotiations. In any event, the usual outcome of these practices, whatever form they may take, tends—subject to certain qualifications and variations in the time-lag—to be a virtually indiscriminate increase in all the rates making up the wage structure.

### **Leap-frogging of rates and earnings**

The starting point for such a general upward movement need not, however, be a negotiated change in one or more wage rates that upsets the traditional hierarchy. While wage rates are the most obvious feature and also evidence of the social standing of the occupations and industries concerned, actual rates for earnings are far from being consistently ignored. In practice the tendency for earnings to evolve more or less independently of the rates laid down in the official scales may lead to demands for the upgrading or revision of some of these rates, since the wage drift that occurs in the case of some workers may—and sometimes does—mean that their actual incomes are ultimately a good deal higher than the actual incomes of other workers who are officially entitled to the same or even a higher wage rate. It is likely that workers who find themselves downgraded in practice in this way will not accept the situation and will demand a higher rate of pay in order to restore the previous parity. But demands for such changes in certain rates disrupt the whole pyramid, the inflexibility of which has already been noted. Thus there is a danger of a leap-frogging movement of increases in earnings followed by increases in rates followed by increases in earnings, and so on, as part of a self-sustaining process. This is illustrated, for example, by recent wage developments in Sweden, where in certain industries, owing to produc-

tivity gains and the buoyancy of demand, workers' earnings climbed rapidly<sup>1</sup> whereas in other less favoured industries they lagged considerably behind.

Under these conditions the fate of the central agreements has increasingly been to iron out distortions in the wage structure arising from drift, and to the extent that this has been the case collective bargaining has simply been the means by which increases already obtained by some workers have been generalised throughout the economy. . . . It is the existence of this "earnings-wage" spiral which explains why, in spite of the distinctive institutional features of wage determination in Sweden and the very real willingness of the labour movement to co-operate with the Government in combating inflation, it did not prove possible to achieve price stability at the levels of demand prevailing during this period."<sup>2</sup>

### **The determination of wage rates: a social as well as economic phenomenon**

All this goes to show that the fixing and grading of wage rates reflect the interplay of economic factors indirectly only and to a limited extent. The grading and level of these rates mainly appear to reflect the social consensus as to the position that particular groups of workers should occupy in the *social* scale. This position is not closely related to productivity or the scarcity of the skills required; it seems to be determined partly by these factors but to some extent by tradition and prevailing ideas as to the needs that must be met if the workers concerned are to live "properly", especially in the light of changes in living costs.

In other words, wage rates are not "prices" in the strictly economic sense of the term; or rather, if they are, they are prices of a very special type, which barely reflect the state of supply and demand.

The outcome of this state of affairs is that they can hardly be expected to act as regulators. Being determined independently of the pattern of supply and demand, they sometimes conflict with, and may be disrupted by, it.

As has been seen, one result of the rigidity of negotiated wage rates is that many of them are higher than they would be if left to market forces alone, and as soon as one particular rate is increased, either because of higher productivity or because of a change in the cost of living, the whole scale of wage rates moves upward (this general movement may of course be brought about by institutional means, as when most wages are pegged to the cost of living). The inflationary consequences of this rigidity have been pointed out. It is obvious that cost-push inflation is favoured by a system that spreads any increase in the hourly cost of labour over the whole economy, even when productivity gains are not sufficient

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<sup>1</sup> Either because of technical progress leading to higher piece-work earnings or because actual wage rates drifted higher than the basic rates.

<sup>2</sup> W. FELLNER, M. GILBERT, B. HANSEN, R. KAHN, F. LUTZ and P. DE WOLFF: *The problem of rising prices* (Paris, O.E.E.C., 1961), Appendix IV, pp. 412-413.



to absorb this increase to prevent it from being passed on in the form of higher prices.

But this discrepancy between formal wage scales and the actual supply and demand position can also be held responsible for another form of inflationary imbalance, which causes a type of chronic unemployment with all the characteristics of structural unemployment. An all-round increase in manpower costs bears particularly hard on workers with few skills or none at all. They become "too expensive" because their productivity is low, and it becomes worth while for employers to introduce more capital-intensive production methods, such as automation, which cut down the number of jobs available. This explanation has been put forward to account for the "structural" unemployment, with rising costs, that has characterised the economy of the United States in recent years.<sup>1</sup>

### **Determination of actual earnings at the plant level**

The trend of earnings may thus differ considerably from that of wage rates as laid down in collective agreements or other general instruments. This difference is mainly due to the phenomenon of "wage drift", which has already been mentioned several times. An attempt is made below to define this phenomenon, to ascertain its causes and to assess its effect on the trend of wages. Is it or is it not a cause of inflation? Is it or is it not an obstacle to a wages policy?

#### **Definition**

Wage drift is normally defined as the difference between the *actual* increase of hourly earnings and the *negotiated* increase laid down by collective agreement. In other words, wage drift is responsible, by definition, for any changes in wages that may occur *between* the periodical changes due to the conclusion or revision of collective agreements.<sup>2</sup>

A more accurate definition, however, brings out the fact that "the essence of drift is that the effective rate of pay per unit of labour input is raised by arrangements that lie outside the control of the recognised procedures for scheduling rates".<sup>3</sup>

Not only is this definition perfectly satisfactory theoretically but it also has the advantage of showing how difficult it is to measure the phenomenon. In fact, it is virtually impossible from the outside to

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<sup>1</sup> G. H. HILDEBRAND: "Structural unemployment and cost-push inflation in the United States", paper presented to the American Bankers' Association, Conference on Monetary Theory and Policy, Purdue University, 29 August-2 September 1965.

<sup>2</sup> B. HANSEN and G. REHN: "On wage drift: a problem of money-wage dynamics", in *25 economic essays in honour of Erik Lindhal*, 25 November 1956 (Stockholm, Ekonomisk Tidskrift, 1956), p. 89.

<sup>3</sup> E. H. PHELPS BROWN: "Wage drift", in *Economica* (London), Vol. XXIX, Nos. 113-116 (1962), p. 340.

measure directly and accurately the amount of labour input for which a given wage is paid, and the statistical measurement of wage drift, especially on a macro-economic scale, accordingly comes up against very great difficulties.<sup>1</sup>

### **Immediate causes**

Defined in this way as the variation (unforeseen in collective bargaining or any other procedure serving the same purpose) in earnings for a constant input of work, wage drift may have a number of widely varying causes. It may, for example, be due to upgrading without any change in the nature of the work, the working of unnecessary or fictitious overtime, productivity gains (in the case of piece work) that are not due to the worker himself but affect his earnings, or simply, when not forbidden by national legislation<sup>2</sup>, agreement between employer and worker on a higher wage rate than that laid down in the collective agreement. However, although wage drift due to payment for unnecessary or fictitious overtime is far from negligible<sup>3</sup>, and at times when the labour market is tight the drift through upgrading to attract or keep scarce workers may also be important, in the main it seems to be due to systems of payment by results.

### **Drift and payment by results**

It looks as if piece-work systems have a built-in tendency to force up workers' earnings even without any greater exertion on their part. For one thing, there is a steady tendency for productivity to rise as a result of minor improvements in working methods or organisation such as a smoother flow of supplies, higher-quality materials, better maintained machinery, better lighting and temperature conditions, better layout and all kinds of other small changes that are not individually important enough to warrant a change in piece-work rates<sup>4</sup>, and also as a result of the fact

<sup>1</sup> This may lead in turn to the drawing of a distinction between "statistical" drift and actual drift. On this point see S. W. LERNER: "Wage drift, wage fixing and drift statistics", in *Manchester School of Economic and Social Studies* (University of Manchester), Vol. XXXIII, No. 2, May 1965, pp. 155 ff.

<sup>2</sup> This only seems to be the case, as a general measure, in the Netherlands; in Austria, Belgium, France, Italy, Luxembourg, the Federal Republic of Germany, the United Kingdom and Switzerland, collective agreements only lay down minimum rates. However, even when wage rates do not constitute the minimum, it is always possible for employers to make unofficial extra payments.

<sup>3</sup> H. A. TURNER ("Wages: industry rates, workplace rates and the wage drift", in *Manchester School of Economic and Social Studies*, Vol. XXIV, No. 2, May 1956, p. 113) states that overtime has become a regular method of raising the lowest wage rates for men. He adds that in any firms that for "economic" reasons, i.e. the need to satisfy their customers, have had to work overtime for long periods, the workers, especially the lowest paid, tend, when conditions revert to normal, to spread the work so as to be able to continue overtime working (see LERNER, op. cit., p. 166); this results in a statistically undetectable drift.

<sup>4</sup> Which in any event the workers would very probably oppose on the ground that it amounted to rate-cutting.

that the workers are steadily gaining experience. And for another, piece rates are often fixed slackly or generously ("shaved" rates are a source of tension between management and workers) especially if a firm is anxious to attract or keep certain classes of workers that are in short supply.<sup>1</sup>

It is hard to say which of the causes mentioned in fact bears primary responsibility for wage drift. Some writers attach particular importance to rises in productivity<sup>2</sup>, while others, examining different countries, periods or industries, have concluded that drift is relatively independent of the trend of productivity and have linked it with conditions on the employment market.<sup>3</sup>

#### PRIMARY DRIFT AND SECONDARY DRIFT

It is true that there is a factor that tends to make drift independent of productivity. This is the inflexibility of the wage structure, mentioned earlier in connection with wage rates, which, once an initial or primary drift takes place—when, for example, the benefits of higher productivity go to certain workers—tends to induce a secondary drift to restore the former relative position. As piece-work earnings jump, the workers on time rates expect some compensation for their inability to share in payment by results so as to restore their initial position vis-à-vis the piece workers. This may lead to demands for changes in negotiated rates, in which case there is not, strictly speaking, any secondary drift but a reaction by formally established rates to the primary drift. Much more often, however, the compensation given to time-rate workers takes the form of special payments such as flat-rate group production bonuses, productivity bonuses paid to a whole department on the basis of over-all performance, or simply ad hoc bonuses designed to compensate workers for the fact that they cannot be paid by results. There are cases where provision for this is actually made in collective agreements, especially in Sweden<sup>1</sup>, but sometimes the payments are made outside any kind of procedure, in which case they constitute a form of drift.

This being so, it is easy to understand why workers are so often keen on piece-rate systems, despite frequent opposition by trade union organisations, because these systems lead to a virtually continuous upward trend in earnings or at least make it possible to exert constant pressure

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<sup>1</sup> KNOWLES, op. cit., p. 256.

<sup>2</sup> See, for example, J. T. DUNLOP: "Productivity and the wage structure", in *Income, employment and public policy—Essays in honour of Alvin H. Hansen* (New York, Norton & Company, 1948), on the United States before the Second World War; and H. A. TURNER: "Wages, productivity and the level of employment: more on the 'wage drift'", in *Manchester School of Economic and Social Studies*, Vol. XXVIII, No. 1, Jan. 1960, pp. 89-123.

<sup>3</sup> For example, HANSEN and REHN, op. cit.; and S. LERNER and J. MARQUAND: "Workshop bargaining, wage drift and productivity in the British engineering industry", in *Manchester School of Economic and Social Studies*, Vol. XXX, No. 1, Jan. 1962, pp. 15-60.



for increases. The employers, for their part, are by no means always hostile either. For example in Sweden the dominant employers' organisation (the Svenska Arbetsgivareföreningen (S.A.F.)) and trade union organisation (Landsorganisationen (L.O.)) both assert a preference on principle for piece-work systems of payment<sup>1</sup>, and there has indeed been a virtually constant increase in the percentage of workers paid by results. This, however, is not confined to Sweden; it has also been apparent—on a moderate scale, it is true—in the Federal Republic of Germany, and even more so in Austria, over the past ten or 15 years.

### **Underlying reasons for wage drift**

The foregoing are the immediate causes of wage drift. Productivity gains go to the workers who are paid by results, and concessions are made by the employers, depending on the state of the labour market, to retain or recruit valuable manpower. But these causes do not really explain the phenomenon—they would account equally well for increases in time or piece rates. Why does wage drift take place and not an adjustment in formal wage scales? The reasons are apparently mainly institutional in character.

Wage drift would appear to depend on two factors, both of which can be described as institutional. It depends in the first place, as we have seen, on the method of calculating wages (on a time- or piece-work basis, being greatest in the latter case), and in the second place, as stated in the Introduction, on the level at which negotiations are conducted. Of course, these two factors are to some extent interdependent, for while general standards governing the calculation of piece rates can be laid down at a fairly high level, the details that in practice have a decisive effect on earnings can usually only be settled at the plant or even workshop level because they have to take account of all kinds of factors that vary not only from one firm but even from one time to another owing, for example, to changes in the nature of products in response to demand. It follows that “where the basic negotiations take place predominantly at the plant level, as for example in the United States, there is little likelihood of wage drift. But in European countries the negotiations usually take place at the industry level”<sup>2</sup>, which explains why formal wage rates are usually only a minimum, depending as they do on the ability to pay of marginal firms. Adjustment to the special circumstances of each firm—including ability to pay higher wages than the minimum—is achieved by wage drift.

The question ultimately boils down to this: why are negotiations conducted at one level, such as the industry or the occupation<sup>3</sup>, rather

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<sup>1</sup> It should be added, however, that the S.A.F. does not regard wage drift as desirable and considers that it can be prevented by improvements in methods of job analysis.

<sup>2</sup> FELLNER, etc.: *The problem of rising prices*, op. cit., Ch. V, p. 67.

<sup>3</sup> For example in the case of certain trades in the United Kingdom and Denmark.

than at another, such as the individual firm? The answer to this question is extremely complex and seems to vary from one country to another, and even within the same country different answers may be given according to the industry and period<sup>1</sup>. Some tentative replies of a general character are given below, with illustrations from the experience of various countries.

### **Bargaining level and trade union preferences**

From the trade union point of view, there are arguments in favour of both centralised bargaining (for example at the national, industry or occupational level) and decentralised bargaining (mainly at the plant level).

#### **CENTRALISED BARGAINING**

In favour of centralised bargaining, it is usually claimed that only at the highest level is it possible to have a complete picture of the general economic situation and the opportunities available, so that for tactical reasons this is the level at which negotiation should take place. This appears to explain why in Sweden, where at one time plant agreements tended to prevail, a highly centralised system was adopted as workers came to realise the economic interdependence of different industries and the need to co-ordinate their approach to wages questions.<sup>2</sup> Moreover, in Europe the main function of collective agreements was originally to set minimum rates to prevent undercutting. This meant that bargaining had to be conducted on a national or industry-wide scale, since only at that level was it possible to decide what wages could be afforded by the firms with the least capacity to pay. Another factor which often makes the trade unions prefer a centralised system of bargaining is the desire to maintain their own cohesion and authority. At the plant level, even if the unions are well represented and organised, their branches are still liable to disregard instructions from the top, and the whole strategy worked out at the national level may be disrupted. In Europe trade union organisation at this level is often weak<sup>3</sup> and sometimes clashes with other institutions competing with the unions' claim to represent the workers. For example in France works councils have no power to negotiate over

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<sup>1</sup> The following pages concentrate on the general factors. In practice the level of negotiations is not entirely determined by logical considerations. Historical influences are often important. Trade union traditions, links between the unions and political parties, the concept of collective agreements as a form of social legislation, and the influence of a former authoritarian political régime may all, irrespective of the current economic situation, make for centralised negotiation.

<sup>2</sup> R. ALLUSSON: "La négociation des conventions collectives dans les pays de la Communauté économique européenne", in *Droit social* (Paris), Nos. 9-10, Sep.-Oct. 1965, p. 498.

<sup>3</sup> See, for example, A. M. STURMTHAL: "Collective bargaining in France", in A. M. STURMTHAL (ed.): *Contemporary collective bargaining in seven countries* (Ithaca, 1958), p. 148. This, of course, varies a good deal from one country to another; for example in the United Kingdom and the Scandinavian countries trade union organisation at the plant level seems to be quite strong.

wages, but they may assert their right to be the workers' spokesmen and can in practice exercise considerable influence. The shop stewards themselves who, like the members of works councils, are directly elected by the workers, are also independent of the trade union structure and official hierarchy, even if elected from lists submitted by the unions to which in fact they belong. In Italy, too, the *commissioni interne*, which are elected directly by the workers, compete with the union officials. And even when the unions face no competition from other institutions at the plant level and really are the workers' spokesmen, there is always a danger that local branches will not always abide by instructions from above and will insist on going their own way, thereby breaking the united trade union front. In France, for example, the trade unions have, for many years, asserted their preference for general agreements negotiated either nationally or regionally, because it is at this level that they believe the long-term interests of the working class as a whole can best be safeguarded<sup>1</sup>; there is, however, another school of thought, which favours plant bargaining. In short, the trade union attitude seems to be somewhat ambivalent.<sup>2</sup> If there is more than one trade union organisation the danger of a breach of working-class unity is even greater and agreements between the central employers' and workers' organisations are liable to be flouted at all levels.<sup>3</sup>

#### DECENTRALISED BARGAINING

This does not, however, mean that the trade unions are always opposed to plant level bargaining—in fact they are in favour of it whenever their structure, cohesion and organisation enable them to participate effectively. Plant agreements “provide an opportunity of collaborating with the workers in settling various aspects of their day-to-day life in the factory; in other words, they are concerned with very precise questions”.<sup>4</sup> In the Federal Republic of Germany, for example, the unions consider that such agreements make it easier to settle points of detail and also have the advantage of making strikes less expensive.<sup>5</sup> Furthermore, while

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See “Works agreements of the ‘Renault type’”, in *International Labour Review*, Vol. LXXXI, No. 3, Mar. 1960, pp. 205-232.

See, for example, Ross: “Prosperity and labor relations in Europe: the case of West Germany”, op. cit., p. 337.

<sup>3</sup> Another argument in favour of centralised bargaining, although it is not concerned with wages, is that it lends itself particularly well to the laying down of general principles governing such conditions of employment as dismissal, retraining and transfer in the event of technical change, etc.

<sup>4</sup> ALLUSSON, loc. cit.

<sup>5</sup> Some unions in the Federal Republic of Germany have tried to conclude collective agreements with particular firms but with little success, the reason being the obligation on the signatories to a collective agreement to maintain industrial peace. This means that unions which are already bound by a national or regional agreement are unable to compel an individual employer to open negotiations if he is unwilling to negotiate a supplementary agreement.



general agreements afford protection to most workers, they can very well be supplemented by plant agreements, which can be adapted to local circumstances and secure the maximum benefits from each firm. This explains why, on grounds of purely practical advantage and tactical convenience, some French trade unions have decided to bargain at this level and in some cases have concluded agreements. The outstanding example of this is the Renault agreement signed in 1955, which was the forerunner of a whole series of similar instruments.<sup>1</sup> In the United Kingdom there has been some opposition by the unions to the idea of plant-level bargaining; in fact this does take place informally between union representatives and managements although such agreements are not recognised by the trade union organisations.<sup>2</sup>

### **Bargaining level and employers' preferences**

The employers' organisations seem to have a certain preference for fairly centralised bargaining.<sup>3</sup> This appears to be a widespread attitude and can be accounted for by two considerations.

First, centralised bargaining is thought to strengthen cohesion among the employers. This is a similar argument to the one mentioned earlier in the case of the trade unions and need not be enlarged upon. A firm which concludes a separate agreement—usually a go-ahead firm that can afford to pay higher wages than the minimum rates laid down centrally—is liable to be accused, as in France <sup>4</sup>, of pursuing “a short-sighted policy . . . based on temporary economic advantage”, which may seriously disrupt the balance achieved by means of collective bargaining. Similarly, in the Federal Republic of Germany the German Confederation of Employers' Associations (B.D.A.) holds strongly that managements should close their ranks when dealing with trade union claims and disapproves of those that have granted wage increases of the kind it describes as “unrealistic”.<sup>5</sup> In Sweden an employer who neglects the instructions of the S.A.F. would be liable to heavy penalties and even to expulsion from the organisation.

Secondly, centralised bargaining inevitably sets standards to suit marginal firms, which are least able to afford wage increases. Although the standards only constitute a minimum, they allow the non-marginal firms a certain amount of room for manoeuvre, so that by appropriate

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<sup>1</sup> See “Works agreements of the ‘Renault type’”, *op. cit.*; and Ross: “Prosperity and labor relations in Western Europe: Italy and France”, *op. cit.*, pp. 79 ff. It should be noted that after one renewal the unions refused to continue the experiment in the case of the Renault factories.

<sup>2</sup> EDELMAN and FLEMING, *op. cit.*, pp. 166 ff.

<sup>3</sup> At least in Western Europe. It does not appear to be shared by employers in the United States, for example.

<sup>4</sup> *Patronat français*, bulletin of the C.N.P.F. (Paris), No. 145, Mar. 1956, p. 76.

<sup>5</sup> EDELMAN and FLEMING, *op. cit.*, p. 115.

use of wage drift they can give what are in effect unilateral increases (even if granted after consultation with the workers' representatives) and thus influence labour relations and control the composition of their labour force by attracting or retaining the workers they need. In other words, centralised bargaining gives individual managements greater freedom to control their labour force and the size of their wage bill.

These considerations explain why in France, for example, despite the existence of bargaining machinery for the conclusion of a pyramidal system of national, regional and plant agreements, employers have in practice shown no readiness to conduct negotiations at the plant level and have even tried to avoid bargaining at the industry level as well.

In short, it is plain that the bargaining level depends on a variety of opposing forces, the strength of which is affected by the cohesion of the parties involved and the general economic situation, which governs the bargaining power of the participants. If the unions are badly organised and non-representative at the plant level they tend to be in favour of centralised bargaining, while if they are powerful further down and economic circumstances are favourable they can be expected to prefer to negotiate with individual employers so as to extract the maximum benefits for their members. The employers' organisations for their part normally prefer centralised bargaining so as to maintain their room for manoeuvre and at the same time present a common front to trade union demands.

The situation at the time thus has a decisive influence on the effective bargaining level in each case.<sup>1</sup> This relationship between the bargaining level and the economic situation is clearly brought out by developments in Italy in recent years. Since 1950 and particularly since 1960 a distinctive feature of collective bargaining in that country has been a shift in the centre of gravity from the national to the plant level. The reason for this change, which has led to the introduction of a system of "articulated" bargaining<sup>2</sup>, is threefold: (i) the prosperity and rapid advance towards full employment that characterised the economy up to 1963 and led to a greater willingness on the workers' part to go on strike—they had lost their fear of unemployment and were relatively less dependent on their jobs because often a number of members of the same family were working in different firms; all this led to greater demands being made at the plant level; (ii) a change in the attitude of employers, or at least some of the more prominent among them, who displayed a new philosophy of labour relations involving a willingness to deal more directly with their own

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<sup>1</sup> In each country, of course, tradition and national outlook, although not directly connected with the economic situation, also exercise a major influence.

<sup>2</sup> Gino GIUGNI: "Recent developments in collective bargaining in Italy", in *International Labour Review*, Vol. 91, No. 4, Apr. 1965, pp. 273-291. This type of bargaining is called "articulated" because the agreements concluded at different levels deal with different subjects.

workers and to discard traditional bargaining practices; (iii) a similar development among the trade unions, despite ideologies that lend themselves to political discussions at the national level, which opted for a more short-term, down-to-earth and decentralised approach with the main stress on bread-and-butter questions.

Thus the tendency to bargain at the plant level seems to have been due to general factors. The development of the Italian economy since 1963 bears out this view. At the end of that year there was an economic setback, when inflation and the worsening deficit in the balance of payments led to a policy of deflation accompanied by a decline in employment. As a result, there was a change of emphasis, and the main issues now are the problems caused by redundancy and short-time working, so that there are good grounds for believing that plant-level bargaining over wages has become virtually pointless. In other words, economic difficulties may well cause the centre of gravity to shift back once more towards centralised bargaining.<sup>1</sup>

### **Wage drift and inflation**

It is apparent that the phenomenon of wage drift is bound up with a number of institutional factors. To some extent it is due to the difficulty of working out wage levels by means of central bargaining to fit the widely varying patterns of supply and demand in individual firms. At first sight it may appear to be a “revenge for economic forces”, making up for the choice of an unsuitable bargaining level that does not reflect either the respective strengths of the parties at the actual level of decision or their true attitudes. The value of wage drift as a means of restoring “economic truth” is, it is claimed, confirmed by the positive correlation which has often been found to exist between the number of outstanding vacancies and the extent of wage drift.<sup>2</sup> But is it, in fact, a revenge for economic forces and is the resulting wage level the optimum?

In fact, there are very good grounds for doubting this—for two fundamental reasons.

(1) The question is whether wage drift is *over and above* the “normal” wage or an *alternative* to the fixing of a “normal” level, that is the level at which equilibrium is achieved. In other words, should it be considered that there is a level of wages at which equilibrium is achieved and which will be reached in any event, either directly by bargaining or indirectly by wage drift if for institutional reasons bargaining results in the fixing of a different level? This question can be answered from two standpoints—the practical and the theoretical.<sup>3</sup>

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<sup>1</sup> GIUGNI, op. cit.

<sup>2</sup> See, for example, HANSEN and REHN, op. cit.; LERNER and MARQUAND, op. cit.; and FELLNER, etc.: *The problem of rising prices*, op. cit.

<sup>3</sup> EDELMAN and FLEMING, op. cit., p. 179.



In practical terms there seems to be no evidence that wage drift has been less when negotiated increases have been large or vice versa. For example it has been found that there is an extremely slight negative correlation between the variation in drift and increases in wage rates ( $-0.18$ ) in the United Kingdom<sup>1</sup>; similarly, Swedish statistics do not suggest any very obvious links between negotiated increases and drift.<sup>2</sup>

In theoretical terms the objection is even stronger since "the factors determining the size and shape of the drift response are not wholly impersonal market forces; they are partly institutional".<sup>3</sup> They are often the outcome of the interaction of forces at the micro-economic level and would undoubtedly be different if the confrontation was at a higher level of aggregation. The resulting wage level is not therefore a "price" in the economic sense of the term, i.e. an objective value. Essentially it is governed by a whole series of purely fortuitous circumstances and factors, and while the *direction* of the drift can to a considerable extent be regarded as significant, its *degree* is certainly much less so, since it reflects a localised imbalance and may greatly exceed the level required merely to restore that balance.

(2) The fixing by means of wage drift of levels higher than the negotiated rates tends, as has been noted a number of times, to have a snowball effect and is liable to cause either a cumulative increase in earnings in different industries or occupations or an equally inflationary leap-frogging of wage rates and earnings. Either of these consequences is liable to force prices into an upward spiral.

The conclusion that emerges from these brief considerations seems to be that wage drift does not make for a restoration of the balance. Being due to a wide variety of partial adjustments that do not reflect supply and demand but merely the relative strengths arising out of local and often temporary circumstances, and as the cause of a self-sustaining process of wage increases, it may, indeed, in many cases help to perpetuate imbalances and inflation.

### Conclusions

Since, as this short analysis has shown, spontaneous wage growth, except of course in conditions of heavy unemployment, is bound to be essentially expansionist, not to say inflationary, the main problem involved in a wages policy is fairly clear: whereas it acts on wage rates,

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<sup>1</sup> FELLNER, etc.: *The problem of rising prices*, op. cit., p. 449.

<sup>2</sup> Ibid., table 1, p. 400. See also, on the subject of the correlation between drift and negotiated increases in wage rates, PHELPS BROWN, op. cit.

This, however, does not prove much, unless one assumes that when negotiated increases are substantial they reflect the state of supply and demand more accurately than when they are small. But this is not apparent, and there is no particular reason for thinking so.

<sup>3</sup> EDELMAN and FLEMING, op. cit., p. 179.

it should, in fact, be concerned with earnings. But, as we have seen, circumstances, practices and institutions tend between them to create a considerable gap between wage rates and earnings through wage drift.

The difficulty is quite obvious. A wages policy, like any other policy, involves the exertion of a centralised influence and some degree of co-ordination. But since it is impracticable to determine earnings centrally, an effective wages policy must exercise indirect control over the gap between wage rates and earnings, that is, over wage drift. Is such control possible?

Being thoroughly decentralised and often taking the form of concealed payment for services not performed, or upgrading without any actual change in duties, wage drift is in many cases difficult to detect. Of course, the most effective way of controlling or limiting it would be to deal with the conditions in which it takes place rather than with the wage drift itself. It is likely in certain cases that price controls might lessen willingness and ability of firms to grant unduly large pay increases to their employees that are not offset by rises in productivity. The regulation of credit and the liberalisation of imports are also effective methods of influencing employers' decisions and can deter them from granting wage increases in the belief that they can be passed on in the form of higher prices. These methods, as we saw at the beginning of this article when discussing the forms of intervention open to a government, do seem to have been used in some countries.

Even so, they do not appear to have been particularly successful. Nor do arguments that workers should limit their claims always find much acceptance, and it would seem that another approach is needed if a wages policy is to be made effective. There are two directions that might be worth exploring.

(1) Workers' remuneration does not consist solely of their direct earnings. Indirect payments and fringe benefits nowadays account for a growing share of the slice of the national product absorbed by the workers. Increases in these benefits constitute—necessarily—an alternative to higher earnings. For example in Sweden, when the general agreement for 1964-65 was negotiated, only a very small increase in earnings was accepted for 1964 on the explicit ground that considerable progress had been made in such matters as social security, superannuation and holidays with pay. Some types of welfare benefits have the advantage of being less "obvious" than direct wage increases. They do not affect the social "label" element in wage rates and, being more difficult to assess in terms of "direct wage equivalent", are less likely to set off an upward movement in the conditions of employment of wage earners as a whole. Even so, however, allowance must be made for the nature of certain types of benefits. Improvements in superannuation schemes, for example, are more difficult to compare as between one firm or one

industry and another, while the attractions of redundancy payments will depend on the circumstances of each industry, and workers in expanding occupations will attach little value to such a potential increase in income. On the other hand, holidays with pay seem to be a type of welfare benefit that can be expected to catch on, as is borne out by the speed with which the four weeks' holiday has spread in France. Thus to some extent it may be possible to control—or rather to curtail—indirect drift by granting wage increases to some extent in the form of higher indirect earnings and by encouraging the granting of the welfare benefits that are least likely to spread rapidly. It is likely, however, that opportunities in this direction will be extremely limited and that other methods will have to be found. One of these seems to be particularly promising.

(2) It is in fact possible to offer wage earners another form of compensation as an alternative to a limited direct increase in wages, in the form of participation in firms' profits and new investments. Schemes of this kind appear to be attracting growing interest in certain countries. The Leber plan in the building industry in the Federal Republic of Germany, the "association of capital and labour" and enterprise profit-sharing provided for in France under a number of enactments, the "contractual savings scheme" put forward by the Italian Confederation of Workers' Unions (C.I.S.L.) in Italy and the Bill on the same subject now being prepared in the Netherlands all show that this is a promising line of approach. It is promising from the standpoint of the question discussed in this article in that it makes it possible to grant wage increases without any inflationary effects, because these increases would not make it necessary to raise prices in order to maintain sufficient profit margins to finance investment. The main cause of the leap-frogging of wages and prices would thus be eliminated. It is promising also because it would involve central management of the large volume of investment thereby created and so would restore trade union influence at the highest policy-making level where wages and incomes are concerned, while simultaneously enhancing the chances of success of such a policy.

This, however, is still only an idea and the practical and political problems involved will certainly be numerous as well as difficult. But in view of the relative failure of all the other forms of wages policy that have been tried hitherto, it is perhaps the best avenue still open.

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# CURRENT INFORMATION

## Act respecting co-operation in Tunisia

Over the past few years the co-operative movement in Tunisia has given proof of vigorous life. There has been a quite remarkable proliferation of co-operatives and pre-co-operatives and a notable increase in the number of co-operators (now nearly 300,000). Recent statistics (dating from 31 December 1966) show that from 1960 to 1966 the number of co-operatives increased from 130 to 990, while pre-co-operatives rose to 402. Furthermore, co-operatives (the share capital of which has been estimated at nearly 30 million dinars) have succeeded in taking root in major branches of the economy: agriculture (production, ancillary services, and so on), shipping, crafts and small-scale industry (food products, building, leather and footwear, textiles, etc.), mutual credit, and others. Moreover, a great effort of organisation has been made within the movement itself. There are now three central co-operative unions, 13 regional unions and five local ones; these have struck firm root in the various provinces into which the country is divided. A special school trains co-operative leaders and government officials responsible for co-operatives, pending implementation of an ambitious scheme to set up a National Centre for the Promotion of Co-operative Enterprises, which will take over training, research and technical assistance to co-operatives.

Act No. 67-4 of 19 January 1967 on the status of co-operatives is there-

fore timely. The co-operative movement in Tunisia has been expanding very rapidly and the authorities have recognised the need to set up an appropriate legal framework for the future.

This Act is intended to create favourable conditions for the speedy growth of the movement. In the first place, its provisions scrupulously follow the basic principles of the movement (with the exception of the rule requiring political and religious neutrality), which were first proclaimed more than a hundred years ago and were solemnly reaffirmed at the last congress held by the International Co-operative Alliance (Vienna, September 1966); it is these principles that make the movement so valuable economically and socially, and so original as well. Further, the new provisions in no way curb the free development of the movement in Tunisia, although they do introduce some degree of administrative supervision.

The respect shown for the classic principles of the movement (freedom of membership, the open door, democratic management, a limited return on capital, etc.) is manifest in the provisions relating to the creation, organisation and operation of co-operatives. The creation of co-operatives is left to individual initiative (Chapter II, section 6). Seven people at least must meet and announce their intention of founding a co-operative (Chapter II, section 7). Co-operatives are organised in the traditional way: a General Assembly,

the organ of supreme authority in the co-operative (Chapter III, Part 2), delegates authority to a Committee of Management responsible for the management and running of the co-operative (Chapter III, Part 3). Sections 29 and 30 define the respective responsibilities of the Chairman and Director of the co-operative. Within the General Assembly, every member of the co-operative shares on an equal footing with his neighbour in the management of the enterprise, in accordance with the democratic rule of "one man, one vote" (Chapter II, section 16). The fact that the capital of the co-operative is variable (Chapter IV, section 35) makes the admission of further members possible and represents an application of the "open door" principle. Lastly, the operation of the co-operative is based on the principle of democratic management (by-laws drawn up by the General Assembly and a Committee of Management appointed by the Assembly).

Provision is made at various points for the Government to have administrative control over the co-operatives. Section 3 lays down that the Supreme Co-operative Council, the membership and rules of which are laid down by decree, shall decide on general policy as regards the co-operative movement; no co-operative may be created or dissolved without the assent of the State Secretary for the Plan and National Economy (section 8). Further, there is provision for governmental supervision of the operation of the co-operative: registration formalities and public announcements have to be made in accordance with the Commercial Code (section 5). Section 51 lays down that the by-laws of the central unions and the National Co-operative Union shall be the subject of decrees,

while section 56 provides that the State Secretariat for the Plan and National Economy shall act as the trustee of the State in these matters.

Clearly, this new Act will be of considerable help to the Tunisian co-operative movement. Co-operatives can in future be established on solid legal foundations and there will be less risk of serious setbacks. There is, however, no mention of the help that the Tunisian Government is ready to give in such important fields as the problems of commercial management, financial assistance, or co-operative training, which plays so significant a part in the integrated development of any co-operative movement.

*(Journal officiel de la République tunisienne, No. 4, 110th year, 20-24 Jan. 1967, pp. 71-75.)*

### **Incentives for state farms in the U.S.S.R.**

The U.S.S.R. Council of Ministers has adopted a decree introducing greater autonomy in the management of state farms and other state-owned agricultural enterprises, primarily with a view to raising material incentives for state farmers. The decree was promulgated following the positive experience of 390 state farms and other state-owned agricultural enterprises that had been run along the new lines on an experimental basis.

Under this decree the enterprises concerned are empowered to establish independently their level of labour productivity, costs of production, and amount of profit, as well as the size and composition of their labour force.

At the same time economic measures have been taken to increase the role of profit as an incentive to greater production. Once the amount of payment to the state budget has been



fixed, the enterprises can use part of their profit to establish the following new funds:

(a) An enterprise incentive fund, to which 15 per cent. of the enterprise's planned profit and from 7.5 to 15 per cent. of profit in excess of the plan can be allocated. The total size of this fund may not exceed 12 per cent. of the annual wage fund of the enterprise. Premiums are paid from it to managers, salaried employees and wage earners.

(b) A fund for social and cultural needs and housing construction, to which 10 per cent. of the total sum of profit can be allocated. This fund is used for financing these activities for the benefit of those employed in the enterprise.

(c) A fund for the development of production, to which 10 per cent. of the total sum of profit is allocated. This fund is intended to enable the enterprises to purchase new machines and equipment and to carry out organisational and technical innovations designed to improve and expand production.

(d) An insurance fund, to which 20 per cent. of the total sum of profit will be allocated.

The managers of state farms and other state-owned agricultural enterprises are empowered to transfer between the enterprise incentive fund and the fund for social and cultural needs and housing construction up to 20 per cent. of the total sums available in these funds.

(*Pravda*, 15 Apr. 1967.)

### New incentives in Hungary

A resolution adopted by the Economic Committee in connection with the new system of economic manage-

ment to be introduced on 1 January 1968 provides, *inter alia*, for a profits tax and a new workers' incentive scheme.

The profits tax is devised in such a way as to stimulate an undertaking to maximise profits at the least possible cost. The tax rate varies with the level of profits and wages. The sum remaining after payment of the profits tax and various other levies will be paid into three funds set up in the undertaking: the reserve, development, and workers' profit sharing funds. The first will serve to cover losses the undertaking may incur. The second, which is financed not only from profits but also from the undertaking's share of the money set aside for amortisation purposes, will be used for investment and to pay off loans. The third will finance wage increases, bonuses, gratuities, etc., and, at the end of each financial year, a distribution of profits among the workers. In order to avoid unduly large wage differentials among the various industrial sectors the average wage in an undertaking may rise by not more than 4 per cent. in 1968. This limit will not apply to the other elements of personal income that are paid out of the workers' profit sharing fund.

Consideration has also been given to the possibility of diverting some of these funds to the construction of workers' housing.

### A survey of racial discrimination in employment and other fields in the United Kingdom

Political and Economic Planning (an independent organisation of high standing) recently issued a report on racial discrimination, which provides an interesting example of the type of survey that can usefully be made of such matters. The report was under-



taken at the request of the National Committee for Commonwealth Immigrants and the Race Relations Board. The Board was set up under the 1965 Race Relations Act—a statute designed “to prohibit discrimination on racial grounds in places of public resort; to prevent the enforcement or imposition on racial grounds of restrictions on the transfer of tenancies; and to penalise incitement to racial hatred”. The duties of the Board involve supervising compliance with, and resolving complaints under, section 1 of the Act, which prohibits discrimination in certain listed places of public resort, such as restaurants, theatres and vehicles of public transport.

During its first year of activity, however, out of a total of 327 complaints received by the Board, only 85 were held to fall within its terms of reference. Of the remainder, 97 complaints related to employment, 37 to housing and 12 to financial facilities. Opinion developed that the legislation could usefully be strengthened and its scope extended. At the same time, however, very little sociological material of an adequate nature existed on the living and working conditions of the immigrant community in Britain. The object of the present report, then, was to assess the incidence and extent of discrimination against coloured Commonwealth immigrants, with attention predominantly directed at those spheres of potential discrimination—employment, housing (both purchase and public and private rental), and credit facilities, insurance and personal services—not dealt with by existing legislation.

The sample of immigrants examined emanated from four regions—the West Indies, India, Pakistan, and Cyprus—and the survey was carried out in six areas of Britain expressly chosen in

order to avoid places already extensively studied, to represent different geographical districts and to include areas of both recent and long-standing immigrant settlement.

In order to achieve as complete and objective an assessment of a situation where the collation of accurate information is notoriously difficult, the researchers adopted an interesting method. They describe this as a “three-pronged approach”, as it consisted of three separate but inter-related parts: (a) personal interviews with immigrants themselves; (b) interviews with people in a position to discriminate; and (c) a series of “tests”, aimed at producing a controlled and observed situation, in activities where discriminatory practices could occur.

As the first “prong” of the study, 974 immigrants were examined, each a male head of household, interviewed by a member of his own race and completing a questionnaire translated into the appropriate first language. These interviews were designed to examine, for each of the areas covered, the extent to which immigrants felt they were discriminated against as a group and whether this feeling was based on personal or recounted experiences of presumed discrimination, and, finally, to elicit the evidence with which interviewees could support their allegations.

The personal interviews with people in a position to discriminate were not expected to shed further light on the extent of discrimination, since blatant admissions of discriminatory practices are rare, but aimed instead at obtaining the views and attitudes of people representing the social and economic sectors commonly involved in complaints. They incidentally provided an interesting insight into the various means, both crude and subtle,

by which discrimination may be perpetrated.

In the field of employment the people interviewed in this part of the study were drawn from amongst national and local employers, national and local trade union officials and the staffs of both national employment exchanges and private placement agencies.

The method of sampling here differed according to the circumstances. The trade unions, for example, were chosen in relation to the occupations that immigrants tend to enter, while the employers were selected with the purpose of ensuring that nationalised industries as well as private companies, and service as well as manufacturing industries, were reviewed.

The "situation tests" were carried out, in all six areas and for most of the fields being examined, by teams each consisting of three testers—a coloured immigrant, a white alien (Hungarian), and a white Englishman.

For the study of discrimination in employment the procedure was as follows. The testers were sent to make independent job applications to 40 firms, selected from amongst those accused by immigrants of discriminatory practices. The three testers used in any given team were matched, as far as possible, both for appearance and for level of qualifications and experience relevant to the work sought. Any slight divergences that may have existed were always weighted in favour of the coloured tester. Finally, to avoid the possibility of the English "applicant" being offered an existing vacancy before the immigrant testers had had the opportunity of applying, the coloured member of the team always made the first contact, followed by the Hungarian and then the Englishman. The recorded results of these tests show, in sum, that of the

30 firms still offering employment, 13 discriminated in some way against the Hungarian and 27 against the coloured tester. Similar tests in the other fields examined—with teams sent to landlords or estate agents to apply for accommodation, and to car hire firms—produced similar results.

From the material thus gathered, the researchers conclude that "the study has revealed substantial discrimination against immigrants in the main aspects examined" and that "the differential treatment and experience of coloured immigrants as against other minority groups (such as Cypriots and Hungarians) leave no doubt that the discrimination is largely based on colour".

The method of inquiry outlined above was used on the grounds that a combination and comparison of the three separate sets of evidence thus accumulated would be most likely to produce a balanced evaluation. The deductions from the survey are, of course, based on the evidence procured as a whole, and we are warned that a reading of the detailed information supplied by each of the three separate procedures—reproduced very fully in the report itself—should take account of their respective limitations.

The compilation, for instance, simply of immigrants' complaints could not lead to a realistic evaluation, since the immigrant may be an unwitting victim of discrimination: "If a person is told that a flat has been taken, a job filled or to hire a car will cost £12, he will not be aware of discrimination unless he is later informed that the flat is still vacant, the job remains unfilled and that the normal price to a native of similar driving experience is £10." Conversely, he may suspect prejudice in situations where none in fact exists, although, according to the report, the percentage of imaginary or unsub-



stantiated allegations of discrimination was very small.

The situation tests taken on their own provide a more satisfactory criterion, since the factors in each circumstance could be controlled and almost all parts of the test could be supervised and independently verified. Here too, however, the impression given was not wholly accurate, because "the level of discrimination shown by the tests indicates the level that would occur if coloured immigrants applied for housing and services on the same basis as the white population. As many coloured immigrants control their exposure to situations that might prove discriminatory, the actual level reported by immigrants is lower".

The largest number of individual claims related to employment, with 36 per cent. of all immigrants interviewed providing verbal evidence of discrimination against them in this connection—evidence which, as has been seen, was later substantiated by the relevant situation tests.

The tests in the same way substantiate another fact indicated by the immigrants interviewed—that people who are placed relatively low in a company's hierarchy, such as receptionists, clerks and gate-keepers, play a significant part in the practice of discrimination. By turning prospective applicants away before they reach a more authoritative level of the hiring system they frequently operate as a kind of "filter".

A further deduction from the survey does much to refute a common attitude, namely that equal opportunity will automatically follow the acquisition of equal qualifications by coloured Commonwealth immigrants and, at the same time, it strikes a warning note for the future. In the words of the report: "As immigrants

become more accustomed to English ways of life, as they acquire higher expectations and higher qualifications, so they experience more personal direct discrimination. This is apparent in the local differences between areas with established communities as opposed to new communities. It is reflected in the experiences of school leavers who are the children of immigrants. Their numbers will increase."

It may be noted that measures are now under consideration in Britain for the extension of the Race Relations Act to cover discrimination in employment, housing and certain personal services.<sup>1</sup>

(Political and Economic Planning: *Racial discrimination* (London, 1967).)

### **Organisation of rural activities and granting to rural associations of the powers and prerogatives of trade unions in Brazil**

By Legislative Decree No. 148 of 8 February 1967 and in virtue of the powers conferred on him by section 31 of Institutional Act No. 2, the President of the Republic of Brazil has laid down that rural associations and corresponding bodies of higher degree, recognised under Legislative Decree No. 8127 of 24 October 1945, may, if their general assemblies so resolve within the period of one year, each acquire, as a rural employers' organisation, the powers and prerogatives of the trade union body of corresponding degree in the same jurisdiction.

The new Legislative Decree provides that, when these powers and prerogatives have been conferred, the organisations shall, within a period of 90 days, submit for approval by the

<sup>1</sup> See *The Times* (London), 27 July 1967.



competent authorities a revised version of their rules, adapted to the trade union system. When this approval has been obtained, they can elect their managing committees and their representatives, again within a period of 90 days. Failure to observe this limit may lead to the dissolution of the organisation by the Ministry of Agriculture.

Rural associations and corresponding bodies of higher degree that do not avail themselves of the right conferred on them by the new Legislative Decree may within the same period, if they so desire, be converted into non-profit-making private associations to provide services for persons or corporations carrying on rural activities, whether in agriculture, animal husbandry, the extractive or other industries, or for technicians engaged in these activities. They will then lose the powers and prerogatives enjoyed by them under Chapter II of Legislative Decree No. 8127 of 24 October 1945.

The rural associations that have adopted neither of the courses provided for by the new Legislative Decree will be dissolved by the Ministry of Agriculture in accordance with Legislative Decree No. 8127 of 24 October 1945. Only specialised rural institutions will continue to exist in accordance with the old system. Representation as employers' organisations will not be granted to associations operating for profit.

As soon as the new Legislative Decree comes into force, recognition will be withdrawn from bodies established under Legislative Decree No. 8127 of 24 October 1945, which will be repealed after a further period of one year.

With regard to Act No. 4214 of 2 March 1963 respecting the status of rural workers, only paragraphs 1

and 5 of section 123 have been repealed.

The 1945 Legislative Decree established rules governing the organisation of rural employers under the control of the Ministry of Agriculture; this control was exercised through municipal associations, state federations and a national confederation, which were responsible for representing rural employers and recognised as technical advisory bodies by the public authorities. The 1963 Act respecting the status of rural workers established rules governing the trade union organisation of rural employers and workers under the Ministry of Labour and Social Welfare but did not replace the 1945 Legislative Decree, under section 141 of which these bodies could opt to come under the trade union system within a period of 180 days. The new Legislative Decree removes the anomaly of the existence of two parallel organisations under the control of different ministries and both recognised by law as bodies representing rural employers. It is considered that under the new Legislative Decree trade union organisation and representation are now fuller and more satisfactory, since it is desirable to encourage the conversion of the remaining bodies and to eliminate dual representation, which has been a source of potential conflict in questions of collective interest.

To sum up, the new Legislative Decree deals essentially with the adaptation of the rural associations and corresponding bodies of higher degree, which came previously under the Ministry of Agriculture, to the trade union system, which comes under the Ministry of Labour and Social Welfare.

Rural associations and corresponding bodies of higher degree that do not decide to come under the new

trade union legislation will have a further choice: to be converted into private associations or to be dissolved by the Ministry of Agriculture.

(Estados Unidos do Brasil: *Diario Oficial* (Brasilia), Vol. CV, No. 27, 9 Feb. 1967.)

**Formation of a tripartite committee for freedom of association and participation by workers' organisations in development programmes in Costa Rica**

By Decree No. 5 of 2 March 1967 the Government of Costa Rica has provided for the establishment of a tripartite committee "composed of representatives of democratic trade unions, of employers' organisations and of the Ministry of Labour and Social Welfare". In addition to the Inspector-General of Labour and the Chief of the Trade Union Department of the Ministry, the members of the committee will include a representative of the largest democratic trade union organisation and a representative of one of the employers' bodies, both appointed by the Ministry from among candidates proposed by the respective organisations.

This committee will periodically study and assess the degree of fundamental freedom of association existing in the country in the light of the relevant legislation and of the Freedom of Association and Protection of the Right to Organise Convention, 1948, and the Right to Organise and Collective Bargaining Convention, 1949, as well as the degree of participation by the workers' organisations in the preparation and execution of national development programmes. Normally meetings will take place every two months; extraordinary meetings will be held in cases of urgent necessity. The committee will be empowered to

appoint special tripartite committees to carry out investigations and studies.

The preamble of the decree indicates that the measure has been adopted in conformity with the recommendation contained in point 19 of the Caraballeda Action Plan, which was approved by the Second Inter-American Conference of Ministers of Labour, held in Venezuela in May 1966.

(*La Gaceta* (San José), No. 58, 10 Mar. 1967, p. 941.)

**Young workers in Japan**

In 1966 the Ministry of Labour issued a "White Paper on Young Workers, 1965" and in November of that year it organised a national campaign for the protection of young workers. Two surveys have recently been made of the employment mobility of such workers during their initial periods of work experience. Finally, the Administrative Management Agency published the results of its inspection of the public administration for minor workers and issued its recommendations to the government departments concerned.

**WHITE PAPER ON YOUNG WORKERS**

According to the White Paper, in 1965, despite the slowdown in the demand for young workers, the shortage of such workers became more acute as a result of the smaller number of secondary-school (high-school) leavers wishing to enter employment.

While the total number of persons aged 15 to 19 years increased by 640,000 in 1965, the labour force increase in this age group was only 10,000 and the rate of economic activity accordingly dropped to 36.1 per cent. from 37.4 per cent. in 1964. At the beginning of April 1965 there were 1,560,000 young workers in

establishments covered by the Labour Standards Law. Most of them (73 per cent.) were employed in smaller and medium-sized establishments with less than 300 workers, and the great majority were concentrated in manufacturing (67 per cent.) and commerce (21 per cent.). Less than 1 per cent. worked in agriculture, forestry, fisheries and mining.

Owing to the shortage of young manpower, wages and hours of work improved, even in medium-sized and small undertakings. Taking average earnings of young workers in 1960 as 100, the index for 1965 was 225 for males and 229 for females. In 1965 the initial wage earned by a junior high-school leaver was 13,280 yen per month (13,190 for boys and 13,330 for girls).

There were about 16,000 violations of the Labour Standards Law in the year ended March 1965: 7,735 related to hours of work, 4,362 to rest days, 743 to night work, 1,674 to minimum age and 1,447 to prohibited work.

#### CAMPAIGN FOR THE PROTECTION OF YOUNG WORKERS

While shortages of young workers have made for improvements in their conditions and welfare, other problems have arisen, such as their adaptation to working life, their interest in and zeal for work, and their tendency to change jobs too frequently. In 1966, therefore, the Ministry of Labour took as the theme of the national campaign for the protection of young workers "Let's foster the minors' zeal to develop themselves". The three ways in which this theme was to be put into practice were: (i) improvement of conditions of work; (ii) improvement of vocational counselling and training services for youth; and (iii) improvement of recreational facilities.

#### MOBILITY OF YOUNG WORKERS

Two surveys were made, one by the newspaper *Asahi* and the other by the Faculty of Education of Tokyo University.

The *Asahi* survey, which was based on a sample of one junior high school in each of seven prefectures, examined all those placed by the public employment security offices after leaving school in April 1963—a total of 417 people. Of these, 36.5 per cent. had remained in the jobs in which they were first placed after finishing school; 24 per cent. had left their first jobs within a year following placement; and nearly one-half had changed jobs more than three times in the period under review. Of those with a record of job changes, the great majority had initially been placed as factory workers and on changing tended to choose work in transport or in other services; in other words, to move from the secondary to the tertiary sector. As for the reasons for change, many had left involuntarily because of business slackness or bankruptcy, for example, while some had left of their own accord because of dissatisfaction with working conditions or in order to learn a trade or go back to school. It was suggested that the Ministry of Labour's supervision of young workers might be insufficient: overtime is prohibited for them, for example, but two-thirds of those surveyed reported that they had worked overtime since their first placement. It was also pointed out that a very small proportion of the employed youths had made any effort to acquire further education or additional training.

The Tokyo University survey covered 1,435 male workers aged 16 to 24 years, who worked in 41 medium-sized and small manufacturing estab-



lishments and ten large establishments in the district of Kawasaki. Its results were very similar to those of the *Asahi* survey. Only 30 per cent. of the young workers surveyed intended to remain in their present jobs, while nearly 50 per cent. hoped to change. Of those with five years' work experience, 40 per cent. had changed their jobs at least one since leaving school. The survey clearly revealed the need to improve and strengthen vocational guidance and counselling services for young people leaving school and for young workers who want to change jobs.

ADMINISTRATIVE MANAGEMENT  
AGENCY'S RECOMMENDATIONS

The Agency's proposals for improving services for young workers were issued in November 1966 and sent as recommendations to the Ministries of Labour and Education and to the National Police Agency.

With respect to employment services the Agency drew attention to the continuance of unfair recruiting and recommended prefectural governments and public employment security offices to inform employers of the prohibition of direct recruitment and the need to use public channels. It also urged public employment security offices to check more carefully the conditions of employment offered by employers and, in particular, to make no referrals to establishments not complying with the relevant provisions of the Labour Standards Law. The Agency noted the insufficiency of vocational guidance services and strongly urged their improvement, including the use of aptitude testing and post-placement guidance and follow-up.

The Agency also found that some youths were employed in sub-standard conditions, especially in small estab-

lishments in commerce and services. It urged the Labour Standards Offices to concentrate on these establishments as the central subject of their inspection and guidance work, with a view to bringing conditions into conformity with the Labour Standards Law and eliminating overtime and the employment of young persons in prohibited work. In order to ensure periodic medical examination it was recommended that closer co-operation should be developed with public health centres and accident prevention associations.

In respect of the employment of children still subject to compulsory education, it was recommended that, to correct or obviate abuse, the Labour Standards Offices should see to it that minimum age, actual working conditions and hours of work complied with the protective legislation in force, and that, in order to ensure that children received proper schooling, measures should be taken to enforce daytime school attendance by children under the school-leaving age.

Particular attention was given to the further education and training of young workers. It was found that of 2,100,000 workers under 18 years of age, about 930,000 had never undergone any form of further education or training after the end of compulsory education; for the most part this was either because facilities were not readily available or because of a lack of understanding on the part of employers, making further education and training incompatible, from a practical standpoint, with work. Measures recommended to improve the position included realistic re-adaptation of courses in evening senior high schools to the needs of young workers; vocational guidance to help them choose appropriate

courses; combination courses including school and correspondence work; day-release arrangements worked out in close co-operation with the Ministry of Labour; and the development of amenities by the Ministry of Education to facilitate evening study (lighting, recreation, meals).

The Agency also recommended a stronger link between vocational training and school education (under the so-called technical linking scheme) through closer co-operation between the Ministries of Labour and Education. Moreover, in order to encourage young people who have completed a course of vocational training to go on learning, the Ministry of Labour was requested to encourage employers to re-evaluate wages and other conditions in the case of these young workers.

Attention was also drawn to the need to develop lodging facilities, especially for young workers in small undertakings, and recommendations were made for improving the situation, for example through joint hostels for young workers in medium-sized and small undertakings.

### **Compensation for occupational sickness and administrative reorganisation of the Social Insurance Fund in Gabon**

In the Republic of Gabon a presidential decree has recently been promulgated concerning compensation for occupational diseases, as part of the general social welfare system. This decree supplements Amended Act No. 3-59 of 19 February 1959, which prescribes how compensation is to be paid for occupational accidents and diseases, and took effect on promulgation. Its essential provisions are summarised below.

### **SCOPE AND CONDITIONS GOVERNING COMPENSATION**

The diseases to which the decree applies are defined as being the morbid symptoms of acute or chronic poisoning observed in workers covered by the Labour Code who have been exposed regularly to the chemical or pathogenic agents listed in a table annexed to the decree.

The only endemic tropical disease classed as an occupational disease is tripanosomiasis. However, the Fund will pay compensation for this only if it has been contracted within an infected area or because the patient has been employed in work involving risk of regular exposure to the propagating agents of tripanosomiasis (forest trades, water transport, public works and road-building, topographical and prospecting activities) or if a worker initially free of tripanosomiasis has contracted it later in the course of his employment.

In order to detect occupational diseases and to complete the list of diseases annexed to the decree, employers who use processes that are liable to engender such diseases are now under an obligation to make an immediate notification to the relevant labour service and to the Fund. Doctors detecting any malady that might be classified as an occupational disease are under the same obligation.

Under the decree, the Fund is responsible for payment of compensation for a certain period after the worker has ceased to be exposed to the harmful agents that have led to his illness. The period varies in length according to the nature of the disease. Thereafter the Fund has no further responsibility.

### **NOTIFICATION AND PREVENTION**

Any case of occupational disease occurring in an undertaking or estab-

lishment must be notified to the relevant labour service and the Fund by the employer concerned. The patient or his beneficiaries may also take the initiative in reporting the case within a period of two years from the date when the occupational disease was first observed (which is regarded in the same way as the date of an occupational accident).

Workers who in the normal course of their work are exposed to chemical or pathogenic agents must undergo a six-monthly medical examination at the instigation of the employer. Should the latter fail in this, any benefits paid to the victim or his beneficiaries are increased by 25 per cent. This increase is paid by the Fund, which is reimbursed by a supplementary contribution from the employer, at a rate and for a period determined by the Fund, unless the employer takes the matter to court. Similarly, if a worker asked to undergo these medical examinations refuses to do so, any benefits due to him will be reduced by 25 per cent. and such refusal may be invoked as a reason for his dismissal.

#### REORGANISATION OF THE SOCIAL WELFARE FUND

A decree has recently abrogated and replaced section 43 of Decree No. 6/PR of 7 January 1963 respecting the organisation of the Social Welfare Fund of the Republic of Gabon.<sup>1</sup> It deals with the powers of the chief executive officers of the Fund and the method of their appointment. The Fund has a Director-General appointed by decree on the recommendation of the Minister of Labour after consultation with the Executive Board of the Fund. He has full responsibility for the operation

of all departments of the Fund, draws up the budget of income and expenditure, and is empowered to take legal action on behalf of the Fund and to represent it on all occasions. There is an Administrative Director, also appointed by decree, who is chiefly concerned with staff matters, co-ordination, and the management of the Fund's medical and social welfare activities. Lastly, an Accounts Officer, similarly appointed, is answerable to the Director-General for all financial operations involving income and expenditure and for the handling of cash.

Other officials, occupying posts of roughly the same or lesser importance established by the Executive Board in the prescribed manner, are appointed by order of the Minister of Labour after consultation with the Board.

(Decree No. 00017/PR of 12 January 1967 respecting compensation for occupational diseases, in *Journal officiel de la République gabonaise*, No. 3, 1 Feb. 1967, pp. 84-85; Decree No. 00038/PR-MTAS of 25 January 1967 amending section 43 of Decree No. 6/PR of 7 January 1963 respecting the organisation of the Social Welfare Fund, *ibid.*, p. 105.)

#### Establishment of a pension insurance scheme in Niger

Since 1 April 1965 the National Social Security Fund set up in the Republic of Niger by an Act dated 8 February 1965<sup>1</sup> has taken over the functions of the Compensation Fund for the Management of Family Benefit Schemes and Insurance against Occupational Risks, and as from 1 January 1965 the Fund has been respon-

<sup>1</sup> See I.L.O.: *Legislative Series*, 1963—Gab. 1.

<sup>1</sup> Act No. 65-004 dated 8 February 1965 establishing a National Social Security Fund (*Journal officiel de la République du Niger*, No. 4, 15 Feb. 1965, pp. 3-4). A note on this Act appeared in *International Labour Review*, Vol. 93, No. 2, Feb. 1966, pp. 177-178.



sible for management of the pension scheme.

A decree, No. 67-025/MFP/T, dated 2 February 1967, laying down the rules for the management of the retirement pension scheme by the National Social Security Fund, creates a national pension insurance system applicable to all wage-earning workers subject to the Labour Code. This decree marks the end of the period during which workers in Niger were members of the West African Provident and Retirement Scheme Institute (I.P.R.A.O.).<sup>1</sup>

The pension scheme in force in Niger provides for the payment of benefits in the event of old age, invalidity, and death of a breadwinner.

#### OLD-AGE BENEFITS

Any insured person at least 60 years of age who is no longer a wage earner is entitled to an old-age pension provided he has been registered for the previous 20 years and has paid the equivalent of at least 60 months' contributions during the ten years preceding the date on which he became entitled to a pension. This age may be reduced to 55 if it is duly attested that the insured person has suffered premature diminution of his physical or mental faculties and is thus unable to engage in remunerated activity.

The pension amounts to 20 per cent. of the average monthly remuneration, defined as being one thirty-sixth or one sixtieth of earnings subject to contributions and received during the last three or five years preceding the cessation of employment. When the person concerned has more than

180 months of insurance (or months considered as such) to his credit, he can claim an increase of 1.33 per cent. for each additional period of insurance (or equivalent) of 12 months over and above the 180. The total pension may not be less than 60 per cent. of the guaranteed minimum inter-occupational wage (S.M.I.G.) for a 40-hour working week, or more than 80 per cent. of the person's average monthly remuneration on which the pension is calculated. In calculating the pension, workers over 30 years of age in 1967 (when the scheme was instituted) are entitled to count six months of insurance for every year worked between the age of 30 and their age in 1967. Apart from such cases, an insured person who, on reaching pensionable age, has less than 180 months of insurance to his credit receives an old-age allowance equivalent to his average monthly remuneration multiplied by the number of 12-month periods during which he was insured.

#### INVALIDITY BENEFITS

An insured person who becomes an invalid before the age of 60 is entitled to an invalidity pension if, at the date when his invalidity is certified, he has been registered for at least five years, with at least six months' insurance during the 12 calendar months preceding invalidity.

When invalidity is due to an accident, the only prerequisites for the award of a pension are that the person concerned shall have been a wage earner and that he shall have been a registered member of the Fund before the accident took place. Any insured person who, because of a non-occupational accident or disease, has suffered permanent impairment of his physical or mental powers (duly certified by a doctor), so that he can earn no more than one-third of what

<sup>1</sup> Created by a collective agreement signed in 1958, under the former Federation of French West Africa, to manage the pension scheme, I.P.R.A.O. has had, since 1 February 1967, to deal with the insurance of only a limited number of wage earners in Dahomey, Senegal and Togo.

a worker of equivalent qualifications could command, is considered an invalid. An invalidity pension is awarded provisionally and can be reviewed or stopped if the invalid's health improves. As soon as the invalid reaches the age of 60, the pension is replaced by an equivalent old-age pension.

The amount of the pension is calculated in the same way as the old-age pension and is subject to the same increases and limits. Should the invalid be so helpless as to require constant attendance, his pension is increased by 50 per cent.

#### BENEFITS IN THE EVENT OF DEATH

In the case of the death of a person drawing an old-age or invalidity pension or a pension granted before normal pensionable age, or in the event of the death of an insured person who at the time of death had fulfilled the requirements for award of one of these benefits, or had at least 180 months of insurance to his credit, the following survivors are entitled to a pension: (a) the widow, if at least 50 years old or a certified invalid and if her marriage took place at least a year before the cessation of employment or before the date on which the invalidity pension was replaced by an old-age pension; (b) an invalid widower supported by the insured person, provided the marriage took place a year at least before the death of the spouse; (c) those of the deceased's dependent children who are eligible for family allowances.

A survivor's pension is calculated on the basis of the pension drawn by the deceased: 50 per cent. for a widow or widower (in cases where there are two or more spouses the pension is equally divided among them), 25 per cent. for every fatherless or motherless child, and 40 per cent. for every

orphan; the total survivor's pension may not, however, exceed the pension to which the insured person had been or would have been entitled.

If the insured person had not qualified for an invalidity pension or had less than 180 months of insurance to his credit at the time of death, the surviving spouse is entitled to a survivor's lump-sum allowance equivalent to the number of monthly payments of old-age pension that the deceased could have claimed after 180 months multiplied by the number of six-month insurance periods accomplished at the time of death.

#### FINANCE

Contributions to the pension insurance scheme are equivalent to 4 per cent. of earnings, 2.4 per cent. to be paid by the employer and 1.6 per cent. by the person insured. The employer is responsible for deducting the worker's contribution from the latter's wage-packet and for making the total payment into the Fund.

An Order issued by the Minister of Labour after consultation with the Labour Advisory Committee defines the conditions under which the National Social Security Fund, through its pensions branch, will take over the rights and obligations of the I.P.R.A.O.

(Decree No. 67-025/MFP/T dated 2 February 1967, in *Journal officiel de la République du Niger*, No. 4, 15 Feb. 1967, pp. 137-140.)

#### **Fifth congress of the Latin American Federation of Christian Trade Unionists**

The fifth congress of the Latin American Federation of Christian Trade Unionists (C.L.A.S.C.) was held in Panama City from 3 to 7 October 1966. Some 200 delegates attended as well as representatives of

the International Federation of Christian Trade Unions (I.F.C.T.U.). The I.L.O. sent an observer.

Before the congress opened the various items on the agenda were studied at a seminar.

The agenda included two items of basic importance: one concerning the internal organisation of C.L.A.S.C. (reform of its constitution, statement of principles, manifesto and programme), and the other the economic and social problems of the region (Latin American integration, agrarian reform, promotion of the people, the co-operative movement, full employment, and education).

The conclusions of the congress are summarised below. It was decided to refer them for review and final adoption to the Latin American Council that met in Caracas in the spring of this year.

#### LATIN AMERICAN INTEGRATION

Recognising the imperative need to achieve integration in the cultural, economic, social and political spheres, the congress declared itself in favour of all movements leading to the attainment of these objectives. It agreed on the desirability of promoting a Latin American presence on the world scene through dynamic and responsible action on the part of the popular organisations and through the remodelling of Latin American society. Active participation by the trade unions and peasant organisations in national and international bodies dealing with economic planning was therefore essential.

Similarly, changes in the structure of the economy must be promoted, in accordance with the characteristics and natural resources of each country, and teams should be set up with the task of encouraging an increased consciousness of Latin American identity.

With this in mind it was agreed to request that workers be enabled to take part in the meetings and other activities of the Latin American Free Trade Association. A similar agreement was reached concerning the Central American Common Market.

#### AGRARIAN REFORM

Land, like any other asset, should be used for the common good. Labour conferred the right to own and work the land and to enjoy the resulting benefits.

Both large estates and smallholdings were uneconomic and anti-social, as was the large percentage of landless peasants.

Agrarian reform was not exclusively an economic problem—it was an essentially social and human one. Comprehensive agrarian reform was bound up with human liberty and, in particular, with the development of the rural worker's personality.

The Latin American Federation of Christian Trade Unionists must therefore strive to bring about agrarian reform directed towards a change in the system of land tenure and involving the abolition of both the large estate and the smallholding. Rural organisations must be directly concerned in this process so that the rural worker played a part in introducing the changes.

Alongside technical and economic assistance a clear policy was required with regard to transport, means of communication, outlets for products in national and international markets, crop insurance, and adequate basic education as well as training in trade unionism, co-operation and community development.

#### PROMOTION OF THE PEOPLE

The people must play a conscious part, through urban and rural associa-



tions, in bringing about radical social and economic changes and thus creating a new society in Latin America.

Promotion of the people required appropriate state intervention, but this must not interfere with the free participation of the people, who must be the chief agents in attaining their own freedom.

Promotion must involve, among other things, a thorough study of social, economic and political problems, ensure human dignity and lead to a heightened sense of responsibility towards society in general as well as towards the State, the family and work.

#### THE CO-OPERATIVE MOVEMENT

Co-operation was an essential means of improving the workers' position. The movement could not remain neutral or indifferent to present social and economic conditions. The co-operative movement must be linked with the labour movement as a whole if sweeping changes were to take place.

The congress considered the integration—in each of the Latin American countries—of the co-operative movement with the trade union movement to be of the greatest importance. It was essential that the co-operative movement develop within the trade union movement or in close association with it.

#### FULL EMPLOYMENT

The right to work was a basic human right. The economic system must ensure that each man could engage in an activity corresponding to his inclinations and capabilities.

Within the present economic structures there was large-scale unemployment and underemployment resulting from an underdeveloped economy

and the application of the law of supply and demand in the labour market.

The Latin American Federation of Christian Trade Unionists would strive to bring about full employment through responsible and planned co-operation between the different sectors of the economy. It would also request the public authorities and those responsible for economic matters to play an active part in ensuring full employment.

The objective of full employment should be achieved through a comprehensive policy that would ensure adequate purchasing power for all, as well as monetary stability, an equitable distribution of the national income and a balanced control of economic life, in which the workers would play a decisive part.

#### EDUCATION

After recalling the role played by education in the development of the Christian trade union movement in Latin America, the congress decided that the national organisations should renew their efforts to develop permanent programmes of workers' education with financial support from the trade unions.

The congress supported the resolution on paid educational leave adopted by the International Labour Conference at its 49th Session and promised to start campaigning for a Convention on this subject. It also recommended that the affiliated bodies to the Latin American Federation of Christian Trade Unionists should see that collective agreements included provision for the workers to be granted leave, on full pay, in order to attend national or international courses.

Furthermore, it was agreed to support the world campaign for universal literacy sponsored by the United Nations Educational, Scien-

tific and Cultural Organisation and to request both the I.L.O. and the United Nations Economic Commission for Latin America to organise, in conjunction with the trade union organisations, new courses on development and economic planning.

#### INDIGENOUS WORKERS

In Latin America millions of indigenous workers were deprived of any form of dignity and had no immediate prospects of being able to reach the status of human beings.

The minority economic groups did not consider the indigenous inhabitants as human beings but rather as objects for exploitation and sources of gain; some were in fact condemned to virtual slavery.

One of the objectives of the programme of the Latin American Federation of Christian Trade Unionists was to put an end to all forms of exploitation of indigenous workers by co-ordinating activities in this field and helping them to set up their own organisations.

Similarly, it proposed to inaugurate a regional campaign to persuade governments to ratify and implement I.L.O. Conventions and Recommendations relating to agricultural workers.

Furthermore, special care would be taken to ensure that indigenous workers joined in the struggles of the labour movement.

#### HOUSING

Neither housing nor land should be objects of speculation. Under the

present urban structure all assets represented a source of profit and speculation for the benefit of the privileged minorities. Basically, however, the latter were speculating not merely in housing but in fundamental human necessities.

One of the objectives of the Latin American Federation of Christian Trade Unionists was to renew its efforts to ensure the construction of adequate housing to meet the worker's requirements, in accordance with his family needs and the physical characteristics of the area in which he lived.

All countries must strive to launch a planned housing programme that would prevent luxury and unnecessary expense and facilitate housing construction on a wider scale.

#### TITLE AND HEADQUARTERS

It was decided that a slight change in the Spanish title of the Federation would be made as from the time of the Panama congress. Its headquarters were transferred from Santiago (Chile) to Caracas (Venezuela).

#### ELECTIONS

Mr. Emilio Máspero was re-elected Secretary-General, and Mr. Eduardo García was appointed to the post of Assistant Secretary-General.

(Confederación Latinoamericana Sindical Cristiana: *Vº Congreso Latinoamericano de Trabajadores* (Panamá, octubre de 1966): *Resoluciones* (D.I.P.-C.L.A.S.C., July 1967).)

# BIBLIOGRAPHY

## BOOK NOTES

LA CHAPELLE, Philippe DE. *La Déclaration universelle des droits de l'homme et le catholicisme*. Introductory letter by René CASSIN. Preface by Jean-Yves CALVEZ, S.J. Bibliothèque constitutionnelle et de science politique, sous la direction de Georges BURDEAU, Vol. XXIX. Paris, Librairie générale de droit et de jurisprudence, 1967. viii+490 pp.

Any author approaches the theme that he has chosen to deal with from the point of view that most appeals to him personally. It is not surprising, therefore, that in dealing with a subject of such historical importance as the Universal Declaration of Human Rights the Abbé de la Chapelle should examine its meaning in terms of the development of Christianity.

The first part of the book is devoted to a detailed analysis of the devious ways that had to be taken by the delegates to the United Nations General Assembly of 1948 in order to arrive at the present text. There is no doubt that this study will help to throw light on the sense to be given to each paragraph. It will also convey vividly the way in which negotiations are conducted in the context of an international institution to reach the fullest possible agreement among those taking part.

This is followed by a thoughtful essay on man and society.

The author's inquiry into the history of the human sciences and the law of nations enables one to reconstruct the philosophical and religious background against which the Declaration came into existence. It is based on copious documentation, which places present problems of human rights in their historical perspective. In the last chapter the author examines the relation between the Uni-

versal Declaration of Human Rights and Catholicism; as Father Calvez says in the preface (page v), while human rights are no longer the property of a particular spiritual family but of humanity as a whole it is nevertheless useful to inquire into the origins of their recognition and the meaning of the universalisation that is now taking place.

J. M. J.

MORRIS, James O. *Elites, intellectuals, and consensus. A study of the social question and the industrial relations system in Chile*. Ithaca, New York, New York State School of Industrial and Labor Relations, Cornell University, 1966. xviii + 292 pp. Bibliography, index. \$6.

Professor Morris, of Cornell University, visited Chile on various occasions from 1958 onwards and spent several years in the country while engaged on a labour relations project undertaken jointly by his own university and the University of Chile. This gave him the opportunity of obtaining detailed knowledge of the Chilean industrial relations system and has enabled him to produce an excellent study of its origins. His intention was not only to give a factual account of the circumstances in which the system developed but also to analyse in particular the sociological and political factors that had a decisive influence on its legislative framework. Although certain views expressed by Professor Morris may give rise to controversy, they cannot but stimulate further thinking on the problems described, and it is to be hoped that the book will inspire similar studies in connection with other countries.

Three major themes are identified by the author, on which his findings should



make it possible to draw some useful conclusions: (i) a better understanding of the present industrial relations system must be based on the study of its historical origins and the values, attitudes and motives of those who created it; (ii) intellectuals played a decisive role in its creation; and (iii) the legal confirmation of the system did not reduce the ideological cleavage between the power élite and important groups of the working class.

The author makes a close examination of the attitudes of the power élite from the turn of the century, when the so-called "social question" became more acute, until the adoption of the basic labour legislation in 1924. He also analyses the rather controversial subject of social consensus in the light of Chilean realities. If he launches upon these subjects, it is to a great extent because he accepts the premise, advanced by the authors of *Industrialism and industrial man*<sup>1</sup>, that the essential form and content of an industrial relations system are "crystallised by the leading élite at a relatively early stage" of industrialisation.

Before entering into the main subjects of the book, the author draws a picture of the present situation, describing its salient features: the ideological division in society; the strong influence and even control held by political parties over labour organisations; the preponderant role of government in labour-management relations; marked paternalism on the part of employers; and the relatively weak role of union or worker in rule making and enforcement.

The dominant trade union federation has a communist and socialist leadership. Unions are usually small and strikes are frequent. Public employees and workers in state enterprises have no trade union rights, although in practice they are organised, bargain and even call strikes. Only an estimated 18 per cent. of the non-agricultural labour force is organised.

Chilean society, states the author, is a genuinely divided one. Manifest opposi-

tion to the power élite started with industrialisation and urbanisation and gave rise to the "social question". A loss of consensus then took place, which intellectuals and politicians hoped to eliminate through social and labour legislation. These hopes have not been realised.

Professor Morris deals at length with the general concept of consensus and discusses its two dimensions, i.e. "normative consensus" and "consensus on procedures or structures". In the words of William V. D'Antonio<sup>1</sup>, these two aspects of consensus can be defined as a "basic ideological commitment about man's ends, his nature, his potential, and how his potential should and can be fulfilled" and "the rules for running the political game". According to Professor Morris, consensus is fundamentally a human value and not a political abstraction or an economic value. There is no minimum growth rate, increase in income per head and in real wages that, if reached, will ensure consensus and stability in a society. He concludes that immature societies spawn radical solutions and that the burden of immaturity rests primarily upon the élite. It depends on this élite whether workers are to become "willing partners in society, or overthrow it, or remain alienated and sullen bystanders". If consensus is to be established without violence, the changes that society must undergo ultimately come down to a voluntary sharing of power by the élite with other sectors of the population.

The intellectuals are part of this power élite. When examining the role played by intellectuals in Chile the author finds that their reaction towards the "social question" depends on the extent to which they were identified with the aristocratic-Catholic or the middle-class élite. In general, intellectuals of the former group viewed the question in a psychological, religious and moral setting and

<sup>1</sup> Clark KERR, John T. DUNLOP, Frederick H. HARBISON and Charles A. MYERS: *Industrialism and industrial man* (Cambridge, Mass., Harvard University Press, 1960).

<sup>1</sup> William V. D'ANTONIO and Frederick B. PIKE (eds.): *Religion, revolution and reform: new forces for change in Latin America* (New York, Frederick A. Praeger, and London, Burns & Oates, 1964).

relied on the employers' paternalism. Liberal intellectuals, on the other hand, believed in state intervention in order to remedy the general malaise created in the working class by industrialisation, and pointed out the need for basic rights and conditions that would enable workers and employers to engage jointly in the solution of their problems. None of the influential intellectuals in the first decades of the century took a revolutionary stand and this situation remained unchanged until the 1930s.

In 1919 and 1921 the Conservative Party and the so-called Liberal Alliance introduced their respective labour Bills in Congress. The role of the intellectuals and their ideas were decisive in the drafting of these Bills. A profound difference of approach manifested itself with regard to trade unions and the settlement of disputes. The Conservative Bill provided for profit-sharing plant unions, to which only blue-collar workers could belong. Disputes were to be settled by compulsory conciliation and arbitration. The employers' paternalistic authority would be more easily exercised in such a system; at the same time the decision in the case of disputes was left to the public authorities and not to the bargaining strength of the parties, the latter course being unacceptable to the traditional-minded "patrón". The Liberal Bill, on the other hand, proposed the craft structure for workers' organisations, borrowed from the French Waldeck-Rousseau Act of 1884. The settlement of disputes was to be reached through voluntary conciliation and arbitration procedures. In view of the detailed legal regulation of trade unions in this Bill, the author concludes that the Liberals relied upon voluntary institutions but "gave to the State that control over unions which the Conservatives conceded to employers".

A very detailed account is given of the congressional discussions of these Bills. For political reasons a compromise was eventually reached and provisions were made for both plant and craft unions, compulsory conciliation and voluntary arbitration. However, strong opposition from various influential circles, including

members of Congress belonging to the Conservative and Liberal parties, brought parliamentary action nearly to a standstill. As a result of the interminable wrangle in Congress over these and other matters the Chilean Army finally intervened. A military coup took place on 5 September 1924, and only six days later Congress was forced to pass seven labour laws, which were consolidated in 1931 into the present Labour Code.

A major thesis of the author, which he supports with convincing evidence, is that there was no consensus for labour reform in Chile and that the establishment of a legal framework for industrial relations was due largely to the intellectuals and the military. Because of this lack of consensus, the legislation, once enacted, did not become immediately operative. In fact, the legal system of trade unions only began to be more widely accepted as a result of the Popular Front in 1938. The trade unions came largely under socialist control in the 1930s and are at present a stronghold of the Latin American communist and left-wing socialist labour movement.

In view of this development, it is now interesting to note that the aim of the Conservative and Liberal élites to control the workers' organisations was partially defeated. This is particularly striking with regard to the plant unions, which dominate the labour scene. Not only have the paternalistic employers failed to maintain control over such unions, but these organisations have become the most active in labour relations. The craft unions, on the other hand, are usually less aggressive and mainly confined to white-collar workers within one plant.

The author accurately states that the absence of consensus in the industrial relations system only reflects a more general absence of consensus in society as a whole. This would implicitly lead to the conclusion that, with a realistic outlook, the élite could never have expected to eliminate the predominance of left-wing ideologies and political opposition amongst the workers merely through social legislation. In fact the quest for a true general consensus would



call for deeper action, such as that described by President Frei as "a change in the entire social structure, requiring new orientations for family, education, State and man", thus overcoming the essence of Chile's crisis: "The people no longer want to follow and be the object of history; they want to be the subject of history."

G. v. P.

MORSE, Dean, and WARNER, Aaron W. **Technological innovation and society.** Edited for the Columbia University Seminar on Technology and Social Change. New York and London, Columbia University Press, 1966. vi+214 pp. \$6.

What is the impact of science and technology on the social environment and how do American institutions utilise technological progress for the benefit of society? This is the general theme of this third volume from the Columbia University Seminar on Technology and Social Change. It presents eight papers aimed at relating technology to innovation and exploring the impact of technological change on society.

The contributors are prominent American scientists working in business organisations, universities and government agencies. Although the seminar topics are related to the same conceptual framework, individual contributions show an uneven approach to the problems of the relationship between science and society. Each contributor reflects his individual background and experience, and the articles have correspondingly different starting points.

While the ideas presented to the seminar are numerous and interesting, the conclusions are of a very broad character. No firm answers are provided to the wide range of questions under discussion. On the other hand, both philosophical and conceptual analyses are used in describing problem areas, and challenging projections are offered. The diversity of viewpoints can perhaps best be illustrated by pointing to the fact (as do the editors) that some contributors reflect an optimistic outlook concerning the impact of technology on society, while

others express a pessimistic view concerning the future in a technological world.

Dealing with the role of science and technology in various spheres of society—the main theme of the papers in the first part of the book—Jerome B. Wiesner, of the Massachusetts Institute of Technology's School of Science, argues that there is a fundamental difference between science and technology. He maintains that technological innovation is largely the achievement of the man of initiative, the technical innovator. Pursuing this line of thought Mr. Wiesner argues that technological progress will be promoted by that particular type of scientific leadership. On the other hand, Edwin H. Land, of the Polaroid Corporation, drawing upon the experience of his company, considers that the success of the scientist-technologist depends upon his involvement in society's industrial progress. Robert L. Hershey, of Du Pont and Company, concentrates on the issue of the "management of change", which, in his opinion, should be based on an early involvement of individuals at all levels of the organisation. However, his explanation of the role played by science and technology is to a large extent influenced by business considerations. Similar arguments, although from a different point of view, are used by E. R. Piore, of the International Business Machines Corporation, who thinks that research resources are and should be utilised for profit purposes. This rather pragmatic approach emphasises the role of applied science in the service of modern industrial society.

The four papers included in the second part cover a wide range of subjects relating modern technology to the future of society. The first, by W. H. Sebrell, Jr., Nutrition Professor at Columbia University, elaborates on the problems of world food production and the developments in food technology. Donald N. Michael, a social scientist, analyses the impact of technological change from an historical point of view, posing a number of questions as to the future. He argues that under the existing social system the social sciences frequently have difficulty in coping with the problems raised by



technological change. Basing his thesis on past experience he maintains that society should be more prepared to assimilate the effects of sophisticated technologies, to adjust its institutions and to understand the nature of the changes. From a different point of view, Henry H. Villard, an economist, considers the need for much more technological progress to meet modern society's problems, namely population growth, food scarcity and the eradication of poverty. He sees the main task as a more intensive use of technology for maintaining decent standards of living throughout the world, in view of the somewhat pessimistic prospects for the year 2000. Lastly, the paper by Senator Joseph S. Clark touches on the political problems of technological change with which the American public in general, and the Government in particular, are faced. He emphasises employment problems and advocates a sound manpower utilisation policy.

Reflecting on the wide range of ideas and questions put forward in this volume, the reader is bound to wonder whether the problems posed by the effects of technological change on society do not require solutions of a long-term nature. This impression may be due to the fact that most of the papers were written with American industrial society in mind and thus refer more particularly to advanced stages of technology. When these same problems are considered from an international point of view—as is the case in some of the papers—other analytical approaches, of a short-term nature, are probably needed. But, as already pointed out, answers to such questions are not provided in these papers.

G. S.

PEŠIĆ, Ratko. *Radno pravo*. Belgrade, Naučna Knjiga, 1966. xviii+396 pp. Bibliographical references.

This comprehensive volume by Professor Pešić covers general problems of labour law, the present system of employment relationships and social security in Yugoslavia, and international labour legislation. It is one of the first Yugoslav university handbooks to describe and explain the country's new and

in many respects original system of employment relationships, based on workers' self-management.

The Yugoslav Constitution of 1963<sup>1</sup> and the Basic Act respecting employment relationships (1965)<sup>2</sup> contain the main elements of the new concept: the workers in a socially owned undertaking, as members of a self-managing working community, establish relationships with one another and determine for themselves their mutual obligations and rights. According to the Basic Act, on entering employment in an organisation a worker becomes a member of the community of workers on an equal footing with the other members and incurs the obligations and acquires the rights attaching to and deriving from his work. A community of workers may decide that one of its members is to cease working in the organisation and to relinquish his membership of the community against his will only if it establishes, in accordance with the provisions of the Act, that he no longer fulfils the conditions attaching to his employment in the organisation. On ceasing to work in an organisation or on being expelled from a community of workers a worker no longer has the obligations and rights attaching to and deriving from his work in that organisation. A community of workers lays down the basic provisions governing employment relationships in the by-laws of the organisation.

This new approach to the problem of employment relationships forms the author's starting point in his explanation of the various aspects of labour law.

In the first part of the book the author discusses the different definitions of labour law in western theories, Soviet theory, and current Yugoslav theory. This is followed by a brief historical and comparative survey of the origin and development of labour law in various countries. A separate chapter deals with the main sources of labour law. The most detailed consideration is given to the employment relationship. Of particular interest is the author's analysis of the new

<sup>1</sup> I.L.O.: *Legislative Series*, 1963—Yug. 3.

<sup>2</sup> *Ibid.*, 1965—Yug. 4.

theoretical and legal approach to problems of employment relationship under conditions of workers' self-management in Yugoslavia.

In the second part the author describes the system of employment relationships now in force in Yugoslavia. He explains the general principles of the new system and the workers' basic rights and obligations (admission to employment; the assignment of workers to their posts; hours of work; the length of and arrangements for rest breaks; the workers' share in the funds available for distribution as personal incomes; termination of employment; the procedure to be followed by workers in exercising the rights attaching to and deriving from their work, etc.). One of the very important features of this part of the book is that the various elements of Yugoslav labour law are described and interpreted on a comparative basis, particularly in relation to international labour standards.

The third part deals with the Yugoslav system of social security.

The book ends with a survey of international labour legislation. Special attention is paid to the International Labour Organisation: the author describes its goals, structure and functions, and reviews its various fields of activity.

S. G.

**SAAB, Gabriel S. The Egyptian agrarian reform, 1952-1962.** Issued under the auspices of the Royal Institute of International Affairs. London, New York, Toronto, Oxford University Press, 1967. xiii+236 pp. 50s.

Since the nineteenth century Egypt has been confronted with the problem of a population explosion, which adds three-and-a-half million to the number of inhabitants every ten years. The profitable employment of this constantly increasing population, the scarcity of arable land, low productivity, the misuse of irrigation and drainage facilities, unprofitable utilisation of fertile soil, lack of managerial skill, shortage of working capital and credit, and the control of most of the arable land by the powerful few were the major problems faced by the government that came to power in 1952. This book is

a study and analysis of the methods used by the Egyptian Government in an attempt to solve these and other agricultural problems from 1952 to 1962.

State intervention and control manifested themselves in various agrarian reform measures. Land ownership and farm operation were limited to 300 feddans<sup>1</sup> per family. Lands held in excess of this maximum were expropriated and systematically distributed in 2 to 5 feddan lots to persons engaged in agricultural activities who did not own land themselves.

When redistribution had been completed, co-operatives were organised in each village, in which membership was mandatory for anyone who had received redistributed land. The co-operatives were controlled by a central administrative body, whose functions ranged from the supervision, inspection and control of co-operatives to the establishment of industrial plants and factories to facilitate the disposal of their members' crops.

A system of supervised agricultural credit was established, which provided co-operative farmers with short-term cash loans or agricultural implements, seeds, fertilisers and insecticides.

The problems of infrastructure, production and marketing in distributed estates were left to the individual village co-operatives, which achieved moderate success in solving them.

Apart from land redistribution the agrarian reform measures consisted of changes in the tenancy, share-cropping and agricultural laws, consolidation of fragmented farming operations, and state-directed land reclamation projects carried out by private undertakings.

The general results of the various agrarian reform measures, the author feels, were disappointing. In the seven years from 1952 to 1959 average crop yields were mediocre compared with those obtained on well-managed farms. A large number of destitute, landless peasants still roamed the countryside despite the land redistribution programme. In short, the agrarian reform programme had proved ineffective, and in the late spring of 1961 the decision was

<sup>1</sup> One feddan = 1.038 acres.



made to set the course towards complete state socialism in all sectors of the economy. The third week in July 1961 saw the nationalisation of 300 industrial and commercial establishments, state monopolisation of foreign trade, heavier taxes on real estate, higher income taxes, a further reduction in maximum land ownership and farm operations, further changes in the credit and landlord and tenant laws, etc.

The author, in his analyses of the reforms instituted from 1952 to 1959 and in 1961, expresses the view that the continual stress laid by the Egyptian Government on the limitation of land ownership and on the furtherance of land redistribution is unwarranted. The size of land holdings has reached a point where the disincentives to investment for purposes of agricultural industrialisation and expansion in commercial holdings outweigh the potential benefits. A co-ordinated programme, including the implementation of national birth control measures, new stable tenancy and share-cropping laws, legal regulation of the purchase and sale of land, the use of industrial methods, and projects for rapid land reclamation, combined with a highly efficient co-operative framework, could provide an alternative to the drastic reorganisation of land ownership. Lack of proper implementation and co-ordination of the agrarian reform measures, rather than the measures themselves, has limited their success. Nevertheless, the author feels that valuable lessons can be learned from this and further studies, which might prove to be of practical importance not only to developing nations but also to developed countries where agricultural problems exist.

K. S.

SENIYAVSKY, S. L. *Rost rabocheho klassa S.S.S.R. (1951-65)*. Moscow, Nauka, 1966. 277 pp. 1.03 roubles.

This book is a theoretical study analysing certain aspects of manpower development in the U.S.S.R.

It is argued that no matter how profound the changes that technical progress makes in human activity, man will retain the leading role in social production. The creation of productive forces in

socialist society leads to an extensive transformation of labour. The whole development of social life, the broadening of its material and technical bases and in particular the progress of science and technology are preparing the ground for the organic merging of mental and physical labour in productive activities. However, this can in no way be interpreted as freeing man from labour. Socialist society, which is based on highly organised production and advanced technology, changes the character of labour but does not abolish it. Every member of the community takes part in social labour and helps to ensure the uninterrupted material and cultural development of society.

The author shows that in the course of the past decades constant technical progress has been accompanied in the U.S.S.R. by increasing production in all branches of industry. As a result of this economic growth the numbers of wage earners and salaried employees has greatly increased. He points out that industry has become the leading branch of the national economy. Almost all sectors of industry increased their output steadily throughout the period under review, and there was also a substantial increase in employment.

At the same time, the author explains, technical progress has led to changes in the occupational structure of the labour force, which reflect both the growing specialisation of workers, resulting from the subdivision of the various types of work, and the specialisation of production itself. Occupations are differentiated according to the methods, skills, experience and knowledge used. Thus two opposing trends are now apparent in society: on the one hand, technical progress gives rise to new occupations, and, on the other, some occupations die out or merge with others. But the new occupations not only require more profound knowledge on the part of the worker but also stimulate scientific and technical creative efforts. New occupations in industry and agriculture make it essential for workers to have a thorough knowledge of the machinery entrusted to them.

The great attention paid in the U.S.S.R. to the development of general education



and vocational and technical training is stressed. The system of vocational and technical schools now trains workers for all the branches of the national economy. The role of the State Committee for Vocational Training and Technical Education, which is under the State Planning Committee, is explained: this body is linked with subordinate administrative bodies for vocational training and technical education at the republic, regional, district and municipal levels; it is concerned with questions of policy affecting the status and development of vocational training and technical education in the Soviet Union as a whole.

The author points out, however, that today most new workers obtain their initial qualifications through training within the enterprise. At present three methods are used: courses (for example in machine operation for highly skilled workers, foremen, etc.); individual training; and group training. The second and third of these types of training take place on the shop floor.

Rapid technical progress requires increased theoretical and specialised knowledge in the skilled worker, for more and more often he has to deal with complex automatic and semi-automatic equipment and with production processes based on electrical, chemical and other transformations. His training becomes correspondingly more complicated and can no longer be given effectively on the shop floor, whether individually or in groups. Consequently, there is an increasing trend towards training such personnel at vocational and technical education establishments.

In future, vocational and technical education will probably concentrate on the training of young people in occupations dealing with automated production processes. The more educated and capable workers will continue to be put in charge of complex technical processes using the latest techniques, but since automated processes will be introduced in all branches of production, the occupations specifically relating to them will predominate. Already vocational and technical schools are systematically raising the level of theoretical and specialised

knowledge, bearing in mind that the skilled workers now being trained will in future have to master complex appliances, instruments and technical processes.

The author explains how recruitment for industry is organised. There is a special administration under the Council of Ministers of each republic. It has local offices dealing with regional, district and municipal requirements and, in conjunction with the State Planning Committee, it finds out where there are manpower shortages or surpluses and recruits workers for areas where there is a shortage.

The book includes practical examples and statistics.

V. L.

SIMÃO, Azis. *Sindicato e Estado. Suas relações na formação do proletariado de São Paulo*. São Paulo, Dominus Editôra, Editôra da Universidade de São Paulo, 1966. 245 pp. Statistical tables and bibliography.

Everybody knows that there are some major industrial areas in Latin America, and it is perhaps unfortunate, therefore, that they attract less attention from European and North American research workers than other, more colourful areas, which are by any standard backward. Similarly, research into urbanisation tends to pay more attention to the phenomena of social disintegration than to the signs and symptoms (sometimes very vigorous) of modernisation. This attitude is not confined to the social scientists, but extends to the public as well. *The children of Sánchez*, by Oscar Lewis, becomes a best-seller, whereas *Huachipato et Lota*<sup>1</sup> is hardly to be found outside academic circles.

It is very much to be hoped that Simão's book will be widely circulated both within such circles and outside them, since it is a mine of fascinating information about the biggest industrial agglomeration in Latin America. Against this

<sup>1</sup> T. DI TELLA, L. BRAMS, J.-D. REYNAUD and A. TOURAINE: *Huachipato et Lota. Etude sur la conscience ouvrière dans deux entreprises chiliennes* (Paris, Centre national de la recherche scientifique, 1966), on which a note appeared in *International Labour Review*, Vol. 94, No. 6, Dec. 1966, pp. 595-596.

backcloth the author traces the history of the São Paulo workers' movement from its origins and describes its attitudes towards the process of economic development, on the one hand, and to the State's intervention in the field of labour, on the other. From 1930 onwards the author has occupied positions that have enabled him to follow the movement at first hand, notably as Professor of Sociology in the University of São Paulo.

The first part of the volume is devoted to a description of local industry and of the São Paulo working class. Up to the second half of the nineteenth century, because of slave labour, wage earners were very few in number. After emancipation free workmen began to open little workshops or enrolled as the first factory workers. Towards the end of the century we get the great influx of immigrants from Europe, with the result that the São Paulo proletariat comes into being, with a very marked contingent of European workers. This phenomenon, as was to be the case on the Río de la Plata, was bound to exert a very marked effect on the characteristics of the trade union movement.

Between 1900 and the First World War the number of industrial workers increased by a factor of four, and in 1920 there were 84,000 of them. Nevertheless, this was merely the beginning of industrialisation in São Paulo, since in 1928 the figure was 148,000, rising to 272,000 in 1940, 552,000 in 1946 and 922,000 in 1960. These figures are exclusive of transport workers, and of construction workers in most cases.

In the second part of the volume the author analyses the working conditions of the São Paulo working class, from the moment when the legacy of slavery in labour relations began to disappear. The increase in free manpower went hand-in-hand with the growth of a market economy, leading to clashes of interest between employers and workers and intervention by the State. Not long after the abolition of slavery a considerable corpus of labour legislation had come into being in the State of São Paulo, together with a system of labour administration designed to ensure its implementation.

However, the protection provided was never completely watertight, and during slumps was sometimes inoperative.

The third studies collective labour disputes, describing how the unions gradually became better organised and improved their tactics, overcoming in the process the ideological divisions that the European immigrants had brought with them, alongside the trade union movement itself. Around 1930 the State of São Paulo was promulgating legislation in the field of collective disputes and collective agreements, thus recognising workers' associations as legal entities. In 1934 the State Constitution created a Code of Labour Justice and gave official recognition to the idea of collective agreements. However, with the advent of the régime known as the *Estado Novo*, strikes were forbidden and most trade unions became associations of a semi-official character.

In the fourth part of his book the author retraces the history of trade unions in São Paulo from the eighteenth century to the present day, describing the kind of claims they made on behalf of their adherents, their mutual assistance activities, their local and occupational divisions, their coalitions, committees, congresses and federations, without overlooking the part played by ethnic differences. At the end of Getúlio Vargas's first term of office as President we observe a resurgence of the independent trade union movement, with the number of organised workers increasing as the economy developed. At this time, however, there was an increase in narrowly occupational unions, or of unions restricted to individual undertakings, contrary to the principles on which modern industrial unions are based. This is why the creation of the three national trade union federations, covering workers in industry, commerce, and transport respectively, has been somewhat disappointing, especially if we bear in mind the opportunities offered, from 1943 onwards, by the "Consolidation of Labour Laws", in which official recognition is given to trade unions as legal entities.

In his conclusions the author expands the hints scattered throughout the work



into a more coherent effort of sociological interpretation. He points out, among other things, that although the São Paulo trade union movement has not succeeded in abolishing "alienation", it has helped to mitigate its effects and has contributed to economic, social, and political development in new moulds and within new limits.

H. R. C.

TRAPPE, Paul. *Die Entwicklungsfunktion des Genossenschaftswesens am Beispiel ostafrikanischer Stämme*. Summary in English. Neuwied am Rhein and Berlin, Luchterhand Verlag, 1966. 487 pp. Indexes of proper names and subjects.

Under the title "The function of co-operative societies in development as illustrated by East African tribes", the author presents a sociological analysis of the development of modern co-operatives in Tanzania. By "modern co-operatives" he means those whose economic and social activity is appropriate to legally recognised associations. The co-operatives dealt with include only Africans, those made up of Europeans or of Europeans and Africans being left aside. The main purpose is to find out whether there are possible links between indigenous African social structures, with their own typical co-operative principles, and the organisational forms of the co-operative system, or to prove that these relations do not exist or cannot be established. The co-operatives covered by this study are found in various tribes and in a few social groups in the northern part of the country.

Part I deals with the development of modern co-operatives among seven tribes or similar larger social units in this region. It is a description of the actual conditions such as they are to be found in business reports and other documents or through direct observation and questioning. The facts are recorded without comment. The author recognises that they do not always answer the questions that the study sets out to clarify. He also recognises that this part of the book does not answer the question whether these co-operatives are real co-operatives in the usual scientific meaning of the term. The entities de-

scribed are called co-operative societies by their promoters.

Part II deals with social structures of the tribes and similar larger groups as far as they are relevant to the study of co-operation.

Part III describes the national policy of Tanzania, in particular that of Tanganyika since independence (1961). The author tries to show the major effects of this policy on the co-operative movement and to analyse the economic and social situation of the country.

Lastly, in Part IV he traces the development of the co-operative movement in Tanzania and analyses its modern trends.

In the conclusion the results of the study are summarised in 32 points.

P. O.

UNIVERSIDAD NACIONAL AUTÓNOMA DE MÉXICO. *Bases para la planeación económica y social de México*. Seminario celebrado por la Escuela Nacional de Economía de la Universidad en abril de 1965. Mexico City, Siglo XXI Editores, 1966. xvi+269 pp.

In 1965 the School of Economics of the University of Mexico organised a seminar on the experience and problems of economic planning in Mexico. Papers on the background of planning in this country and on its various technical and administrative aspects were presented by a select group of Mexican economists and administrators. Specialists from national and international organisations presented their views on the principal papers, and an informal discussion gave other participants the opportunity to make a contribution. The book consists of a compilation of the papers and a summary of the formal and informal discussions, with an introductory comment setting forth the views that found general acceptance at the seminar.

The Mexican experience is carefully examined in the context of Mexico's political institutions. Even when the discussion of the possibilities, methods and strategy of planning at different levels and in different sectors and geographical areas is general, it is always illustrated



with references to the Mexican situation. This, however, does not detract from the pertinence of the book to Latin America as a whole and perhaps to other developing countries. Since the 1930s Mexicans have tried—with varying degrees of success—a whole range of planning systems between completely centralised planning and no planning at all. In Latin America many countries are in the early stages of establishing planning machinery, and the path they are likely to follow before an effective system is in operation will probably parallel Mexican experience. This book is a useful blueprint showing the pitfalls to avoid.

G. R. G.

VERNON, Raymond. *Le dilemme du Mexique. Les rôles respectifs du secteur public et du secteur privé dans le développement*. Economie et civilisation, XI. Paris, Editions Economie et humanisme, Les Editions ouvrières, 1966. 220 pp. 16.80 FF.

The original edition of this book appeared in 1963 as *The dilemma of Mexico's development* under the auspices of the Centre for International Affairs of Harvard University. It forms part of a research programme on relations between

the public and private sectors in the developing countries.

Against this background, the study of Mexico is of particular interest on account of the relatively national applicability and the vigour—as well as the extraordinary degree of adaptation to individual circumstances and careful differentiation—found in the country's measures of state control. The author, in fact, traces and unravels the whole history of the attitude to the role of the State in economic development and the whole history of the clash between the public and private sectors in the course of Mexico's economic expansion.

It is true that up to 1960, in an atmosphere of economic growth that had been fairly marked since 1940, the State helped the private sector rather than competed with it. The dilemma has arisen with the disturbing reduction in the growth rate that began in 1960: either the State stands aside and the country may go through a serious economic (and political) crisis or the State acts to stimulate the economy, in which case its intervention involves a considerable element of political danger.

J.-P. A.

## BOOKS RECEIVED

### General

*Mélanges offerts à Léon-Eli Troclet*. Thème: *Droit social national et international*. Brussels, Editions de l'Institut de sociologie, Université libre de Bruxelles, 1967. xxx+344 pp.

Friends and admirers have offered Léon-Eli Troclet this miscellany as an important and well-deserved tribute to the statesman, professor, sociologist, former Chairman of the Governing Body of the I.L.O. and Chairman of the Social Affairs Committee of the European Parliament.

The many activities of Professor Troclet are reflected in the 16 articles

making up the collection, which have been written by ministers, high-ranking professors and senior national and international officials. The subjects dealt with will be of interest variously to diplomats, internationalists and sociologists, to specialists in labour legislation and social security, and to those who are concerned with the progress of European unity, or the activities of the I.L.O., a field in which Professor Troclet has taken an outstanding part.

The book includes a biography and a full list of the works of Professor Troclet, which shows the breadth of his views and the range of the problems that have always preoccupied him.

**Labour relations**

GOLOVANOV, E. A. *Prekrashchenie trudovogo dogovora*. Moscow, Yuridicheskaya literatura, 1966. 200 pp. 0.68 rouble.

The author analyses current Soviet law and practice with regard to the termination of employment contracts. The study includes a discussion of various legal situations that can arise in cases of contract termination and dismissal; a number of specific cases are described.

KNEE, Robert C. *Days of our years with labor*. Cincinnati, W. H. Anderson Company, 1966. xiv+160 pp.

A rapid historical account of the development of labour legislation in the United States, seen as a gradual growth of state regulation in order to safeguard the values of American democracy. Two chapters describe collective bargaining in practice and arbitration procedures. The author, who has many years of experience as a labour lawyer, expresses faith in labour unions as "one of the strongest forces in the continuation of or restatement of democracy on the American scene" (p. 109). He feels, however, that legislative regulation of labour relations will continue to operate and may even need to be reinforced, under pressure from automation and other technological developments, in order to maintain the balance of power between labour and industry.

STESSIN, Lawrence. *The disloyal employee*. New York, Man and Manager, Business Research Press, 1967. 136 pp. \$12.50.

Written from the employer's point of view, this study is designed to help the executive in formulating policies and procedures that will give his company the maximum of protection against excessive labour turnover, employee "raids" by

other employers, and disloyalty and corruption in the undertaking.

**Manpower; training**

ORLOVSKY, Y. P. *Pravovye voprosy ispolzovania truda rabochikh i sluzhashchikh na promyshlennikh predpriyatiyakh*. Moscow, Nauka, 1966. 192 pp. 0.66 rouble.

This monograph, published by the Soviet Academy of Sciences, analyses the legal aspects and problems of the employment of workers in industrial undertakings. The subjects covered include: basic principles of the employment of manpower; the problem of the rising level of skill of production workers; and legal and social measures for improving labour discipline. In addition to describing current regulations and official policy the author refers to actual practice.

ROSENBERG, Jerry M. *Automation, manpower and education*. New York, Random House, 1966. xi+179 pp. Index, bibliography. \$1.95.

Believing that automation is bringing about changes in the types of manpower required, the author, Professor Jerry M. Rosenberg of Teachers College, Columbia University, considers that the educational system of the United States must be changed accordingly. In the first part of this volume he discusses the responsibilities of educators in the face of automation; how society could best use the manpower resources that are available today and how to plan for tomorrow; and the social and psychological repercussions of automation. In the second part he considers the changes that are taking place within the educational system; the attitudes of government, trade unions and management to education and technological change; and the major problems that he feels have to be solved in the educational field as a result of the impact of automation on manpower.

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Central Wage Negotiation in Sweden: Recent Problems and Developments . . . . .	Steven D. ANDERMAN
Wages Council and Incomes Policy . . . . .	Robert F. BANKS and Glyn PICTON

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# INTERNATIONAL LABOUR REVIEW

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Participation by employers' and workers' organisations  
in planning

Guy CAIRE

Circular migration and the growth of towns in  
East Africa

Walter ELKAN

The social rights enshrined in the Mexican Constitution  
of 1917

Fernando YLLANES RAMOS

A workshop for married women in part-time employment:  
implications of an experiment in the Netherlands

J. L. J. M. VAN DER DOES DE WILLEBOIS

Current information

Bibliography

# The I.L.O.

The International Labour Organisation was founded by governments for the purpose of international collaboration in securing the permanent peace of the world and eliminating social injustice through the improvement of conditions of labour. A special feature of its structure is that representatives of management and of labour organisations participate with government representatives in its proceedings. Established in 1919 it became in 1946 the first specialised agency associated with the United Nations. It has more than 100 member countries.

Over the years the I.L.O. has built up a large body of international agreements ("Conventions") and recommendations relating to basic rights of labour, employment and training, conditions of work, social security and protection at work. These are the result of detailed discussion at the annual International Labour Conference, comprising four delegates (two representing the government, one representing management and one representing labour) from each member country, speaking and voting individually. The Conventions and Recommendations are not automatically binding, but governments must submit them to their national legislatures; a Convention becomes binding upon ratification. Reports from the different governments on their implementation are examined annually by the Conference and there is also machinery for examination of complaints, including alleged violations of freedom of association.

Another major sector of the I.L.O.'s work consists in the provision of expert advice and technical assistance in matters connected with labour and social policy. Assistance is provided under the United Nations programmes of technical co-operation as well as under the I.L.O.'s regular budget. Much of this operational work lies in the fields of manpower training and utilisation, improvement of work methods and organisation, labour administration and the development of effective systems of industrial relations and social security.

These activities are organised by the International Labour Office, an international staff in Geneva with a field network in most parts of the world. The Office is also the permanent secretariat of the Organisation, and a clearing-house for international information and research. It is headed by a Director-General appointed by a Governing Body of 24 government representatives, 12 representatives of management and 12 representatives of labour, which meets three times a year.

In addition to the activities mentioned, matters of concern to particular regions and industries are discussed periodically by special conferences and committees, and many specialised technical meetings are organised. An International Institute for Labour Studies, set up by the Organisation at Geneva, provides persons occupying positions of responsibility in the different countries with opportunities for advanced study of labour policy questions.

All these activities are closely co-ordinated with a view to fulfilment of the purpose for which the International Labour Organisation was created—the promotion of social justice and peace.

# INTERNATIONAL LABOUR REVIEW

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Volume 96

December 1967

Number 6

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## CONTENTS

Page

- 557 **Participation by employers' and workers' organisations in planning**

*Guy CAIRE*

The participation of employers' and workers' organisations in the economic and social planning of developing countries raises a whole set of problems that are not yet fully solved. The purposes of participation are well enough known, but we are less familiar with the preconditions of genuine social dialogue. The author studies three of these preconditions: the existence of employers' and workers' organisations that are representative and qualified to participate; the existence of institutional machinery allowing participation to take effect and develop; and suitable attitudes on the part of employers, workers and governments. He concludes that participation requires above all a change in outlook implying, first of all, recognition of the other partners by each occupational organisation and the acceptance of compromise; its scope is relatively limited, it constitutes a possible source of conflict, and it requires adjustment, but there is some hope that the social confrontation that often results from the choices implied in planning may one day be transformed into co-operation and genuine social dialogue.

- 581 **Circular migration and the growth of towns in East Africa** *Walter ELKAN*

Despite growing numbers in East Africa who regard the town as their permanent home a significant part of the population continues to be born and buried in the villages: these people go to the towns to earn a living, but only a few remain there all their lives. The author seeks to explain this circular migration, in particular by referring to conditions of employment in the towns. He suggests, however, that the funds with which governments might attempt to improve urban conditions should be used instead to make agriculture pay more; meanwhile circular migration, while it lasts, should be seen not as an evil or a concomitant of backwardness but as a process that lowers the cost of development.

- 590 **The social rights enshrined in the Mexican Constitution of 1917**

*Fernando YLLANES RAMOS*

This article shows that Mexico played the role of forerunner when it proclaimed social rights in its Constitution of 1917. Without any specific doctrine to inspire them or any foreign experience to use as an example, the authors of the Constitution nevertheless found the answer required by the special character of the Mexican Revolution and incorporated in it a genuine social content, setting forth a number of universal principles which were subsequently followed in the great majority of constitutions. After recalling the events and political plans that foreshadowed the Constitution of 1917, the writer refers to a number of its articles including articles 27 and 28 (recognition



of, and limitations on, private property, the forbidding of the concentration of the ownership of the means of production, and of monopolies) and analyses article 123, which embodies social rights connected with labour relations (individual and collective labour law, social security and welfare, protection of workers' families, labour authorities, international law). Fifty years' experience has demonstrated the farsighted vision of the Constituent Assembly of 1917.

609 **A workshop for married women in part-time employment: implications of an experiment in the Netherlands** *J. L. J. M. van der DOES de WILLEBOIS*

The author describes why and how the firm of Philips set up a workshop specifically to provide part-time employment for married women. He gives details of its organisation, assesses the results for the employer and the married women, and concludes with some reflections of the social implications of the experiment.

### CURRENT INFORMATION

- 630 Act respecting prices and price control in Yugoslavia
- 630 Act on the training of seafarers in Denmark
- 630 Amendment of the Placement and Unemployment Insurance Act in the Federal Republic of Germany
- 631 New social security scheme in Mauritania
- 637 Changes in family allowances in Upper Volta
- 637 Retirement pension scheme for certain doctors in Belgium

### BIBLIOGRAPHY

638 **I.L.O. Publications**

639 **Book Notes**

ASSOCIATION NATIONALE POUR LES MUTATIONS PROFESSIONNELLES EN AGRICULTURE: *Éléments pour une politique des mutations professionnelles en agriculture* — BELSHAW: *A village economy. Land and people of Huecorio* — BENAIN and CARRON: *Comment choisir votre politique des salaires* — CASSESE: *Il controllo internazionale sul rispetto della libertà sindacale nel quadro delle attuali tendenze in materia di protezione internazionale dei diritti dell'uomo* — CHEN: *La réforme agraire à Taiwan* — CLACK: *Industrial relations in a British car factory* — DEVEALI: *Tratado de derecho del trabajo* — HEALY: *Creative collective bargaining. Meeting today's challenges to labor-management relations* — HEPLER: *Manpower planning for prosperity, 1964-1967* — ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT: *Manpower aspects of automation and technical change* — RODRIGUES: *Conflito industrial e sindicalismo no Brasil* — *The Soviet economic reform. Main features and aims.*

650 **Books Received**

655 **VOLUME 96: General and Country Index**

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# Participation by Employers' and Workers' Organisations in Planning

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THE NUMBER of declarations in favour of participation by employers' and workers' organisations in economic and social planning in the developing countries increases constantly. There is no lack of support at any level, whether it be that of the workers' organisations, employers' organisations or government bodies, and the three points of view sometimes find joint expression in international texts. On the other hand, the small number of actual achievements indicates the existence of some more or less hidden opposition and of more or less numerous obstacles. The result is often a divorce between intentions and declarations and the effect given to them. A remark made by the Director-General of the I.L.O. in connection with Latin America can therefore easily be applied more generally. He said: "Although the principle has been stated with firm conviction at both the national and the international level, and in some cases participation is quite extensive, achievements lag behind intent in the twofold process of social integration and the participation of all strata of the population in the long and exacting task of overcoming underdevelopment and modernising the social and economic structure."<sup>2</sup> If this is so, it is probably because the participation of employers' and workers' organisations in the economic and social planning of the developing countries raises a whole set of problems that are not yet fully

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<sup>2</sup> Eighth Conference of American States Members of the International Labour Organisation, Ottawa, 1966: *Report of the Director-General: Social development in the Americas* (Geneva, I.L.O., 1966), p. 106.

solved and that a series of articles published in the *International Labour Review* have endeavoured to clarify.<sup>1</sup>

The purposes of participation by occupational organisations in planning are well enough known (at the economic level: to keep these organisations better informed and to increase national productivity; at the political level: to promote the integration of the nation and the necessary changes in national structures; at the social level: to define the direction and purpose of economic development), but we are less familiar with the conditions governing participation. It will be impossible to initiate a social dialogue in connection with the preparation, implementation and supervision of a plan so long as there is no clear definition of the preconditions of genuine participation by employers' and workers' organisations in the various stages of planning.

The present article considers three of these preconditions, namely the existence of employers' and workers' organisations competent to participate, of machinery for participation, and of suitable attitudes. While the problems of the industrialised countries will not be ignored, the main emphasis will be on those of the developing countries.

### **I. Existence of employers' and workers' organisations competent to participate**

The participation of the active population in development planning presupposes in the first place the existence of occupational organisations that are representative and qualified to participate. This leads to successive questions on the degree to which the various occupational organisations are themselves representative, on the systems of representation available to them and on the efforts towards adaptation that may be possible.

#### **Representativeness of occupational organisations**

The individual characteristics of each organisation have a very important influence. The representativeness of employers' organisations generally raises the smallest problem. There are several reasons for this, of which two at least should be pointed out. First, there are usually close links between government economic departments and employers' circles. Without even invoking the sociological considerations that have long been in evidence (*commercium convivium connubium . . .*), this can be

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<sup>1</sup> An introduction to the subject, Vol. 93, No. 4, Apr. 1966, p. 331; an article on France, by J.-J. BONNAUD, *ibid.*, p. 337; on Ireland, by C. MCCARTHY, Vol. 94, No. 1, July 1966, p. 54; on the Netherlands, by P. S. PELS, Vol. 94, No. 3, Sep. 1966, p. 274; on the Maghreb, by A. SALAH-BEY, Vol. 94, No. 4, Oct. 1966, p. 375; on Byelorussia, by A. P. OBUKHOVICH, Vol. 94, No. 5, Nov. 1966, p. 449; on Japan, by K. TAIRA, Vol. 94, No. 6, Dec. 1966, p. 511; on Latin America, by G. VON POTOBsky, Vol. 95, No. 6, June 1967, p. 533; on Mali, by A. SALAH-BEY, Vol. 96, No. 1, July 1967, p. 1; and on Chile, by M. BARRERA, Vol. 96, No. 2, 1967, p. 151.



largely explained by technical requirements: "The employers undoubtedly play a larger part in planning activities, even though they often do not do so through machinery specially established for the purpose. This type of participation is quite common when the planners are dealing with the employers' own trade, since in practice it is difficult to draw up a programme without taking into account the project's economic and financial position and experience of the most representative industries or concerns."<sup>1</sup> Secondly, the handling of business matters involves a way of expressing oneself and a mode of reasoning that facilitates informed discussion of national economic problems. Thus "the employers' associations usually have greater technical resources and wider experience of the issues involved in economic planning than the workers' organisations. Since they concentrate on such questions as taxation, tariffs and financial and economic matters in general, they are usually much better placed to take an effective part."<sup>2</sup> This picture, however, requires slight qualification in two respects. It is possible for the employers' representation to be distorted by the absence of the great international undertakings, whose financial independence and particular strategy enable them to act without regard to any national programme or even, at worst, to jeopardise the chances of the plan. It is also possible, at least in countries like India whose prospects of development are based on the expansion of cottage industries, that there will be difficulty in ensuring the representation of craftsmen and small employers. Subject to these two reservations, however, the representativeness of employers' organisations can be accepted.

For the peasant organisations the position appears far less favourable. Those that are genuinely representative are usually involved in a fundamental conflict with the established social order and this precludes any inclination to participate. The strata represented therefore are usually only the big landowners, whose essential preoccupation is the maintenance of the status quo, or else, where the situation is seemingly more favourable, peasant organisations whose leadership consists only of the most prosperous peasants. Lastly, "the problem of the representative character and strength of trade unions is accentuated in the case of agricultural workers, for it is fairly doubtful whether they are yet in a position to act as an organised pressure group. Positive action by governments is essential to help to overcome the enormous obstacles in the way of organising this section of the population—usually the largest and the poorest—and enabling it to act effectively."<sup>3</sup> Indeed, in certain Latin

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<sup>1</sup> *Report of the Director-General: Social development in the Americas*, op. cit., p. 101.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*, p. 99. Except on the plantations, agricultural labour, which, according to the country, represents between 50 and 80 per cent. of the active population of Latin America, is seldom organised at all (United Nations, Economic Commission for Latin America, Seventh Session, La Paz (Bolivia): *Estudio sobre la mano de obra en América Latina*, Document

American countries, if the defence of occupational interests is to be properly organised, "it is not enough for governments not to place obstacles in the way of trade unionism; these governments must actually help to organise it, and, above all, there must be a level of education that peasants are only just beginning to reach".<sup>1</sup>

Finally, the representativeness of non-agricultural workers' organisations is determined by a large number of elements. It depends in the first place on the extent of unionisation. It then depends on the degree of activity of the existing organisations; this varies greatly from country to country and even within a single country. It also depends on the strength of the trade union. In these workers' organisations, which are sometimes very unstable, the membership, which is often small, does not always reflect the structure of the active population very accurately: certain sectors, including the civil service, are over-represented, while others are practically absent. The structure of trade union leadership is even more distorted, the officers very often being state officials or even political personalities. Trade unionists taking part in the various tasks of planning are therefore likely to be the most comfortably off<sup>2</sup> members of a working class with different cares and preoccupations.

### Systems of representation

The method of appointment is one of the factors that influence participation by employers' and workers' organisations. In connection with the unions, one view is that procedures must be adopted "to ensure a faithful representation of the working class and allow genuine expression of its aspirations; this is an essential feature of every system of democratic representation. It is also desirable that the delegates appointed under these procedures should have a good education and a real knowledge of the general problems of the workers as a whole; such a system of representation, indeed, is rather original, for it consists in representing the workers' world as such. Lastly, the delegates must be able to commit the workers and enjoy a certain moral authority."<sup>3</sup> Similar observations, with the same considerations in mind, may be made for the other social groups. This, however, leaves unanswered the question how to appoint

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No. 2 (mimeographed), 15 May 1957). The semi-feudal and paternalistic nature of landowning circles, moreover, generally resists any attempt at organisation (see "Ouvriers et syndicats d'Amérique latine", by Alain TOURAINE *et al.*, in *Sociologie du travail* (Paris, Éditions du Seuil), special issue, Oct.-Dec. 1961).

<sup>1</sup> J. LAMBERT: *Amérique latine. Structures sociales et institutions politiques* (Paris, Presses universitaires de France, 1963), collection "Thémis", p. 234.

<sup>2</sup> In this connection see A. TOURAINE: *Classes ouvrières et changement social en Amérique latine* (Louvain, 1962).

<sup>3</sup> A. BOCKEL: *La participation des syndicats ouvriers aux fonctions économiques et sociales de l'Etat* (Paris, Librairie générale de droit et jurisprudence, 1965), p. 125.

the representatives: selection by the authorities, election, or representation by the organisation? While it is readily accepted that they must be chosen from among truly representative persons, it is much more difficult to reach agreement on the practical methods of appointment. Preliminary consultation with the organisations concerned seems an essential minimum requirement in any healthy procedure in this connection. The employers' and workers' organisations, however, generally claim the right to appoint representatives of their own choosing. This system, which is fairly widespread, is sometimes qualified by the obligation to submit to the authorities a list of names showing a number of candidates greater than (and often twice as great as) the number of posts to fill. The representative character of the participants will be greater or smaller according to whether they are appointed by their organisations—and, where there is more than one organisation, which often happens, according to the fairness of the weighting—or appointed *intuitu personae*. In this connection the example of Japan is particularly illuminating.<sup>1</sup> In that country the Economic Council, which does its work in committees, is responsible for laying down policies and aims. It is composed of persons appointed for their qualifications but tending in practice to act as spokesmen for their own organisations. The various economic interests—business, labour, public opinion (which the university circles are supposed to reflect)—are very unequally represented. As the various plans have succeeded one another, the number of employers' representatives has ranged between 151 and 187 and that of the representatives of public opinion between 58 and 92, but that of the workers' organisations has never exceeded four. If to this is added the fact that the influence of the employers is also exercised indirectly through the parties and the administrative bureaucracy, it can easily be understood that the consequences of this state of affairs are to place the emphasis on production, with an almost complete lack of social concern (for such questions as redistribution of income, social security, employment, education and community services). As will be seen further on, consultation that is not impartial, that is to say consultation that consists in giving preference to the points of view of one influential sector, may have opposite effects to those expected. Similarly, discrimination in respect of the level at which participation is organised can also lead to near conflict.

Lastly, the means of participation must not be neglected either. Even if the above-mentioned conditions concerning representation are satisfied "one must not judge the extent to which the formulation of the plan is democratic in terms of some kind of 'equality' of representation between employers and wage earners. The criteria for judging the democratisation of the economy lie rather in the quality of representation, the actual contents of the plan and the structural changes that the plan

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<sup>1</sup> See TAIRA, *op. cit.*



brings.”<sup>1</sup> There are many factors to take into consideration, including the material resources in men, money and documentation available to the various social partners, the degree to which they are able to convert themselves into pressure groups, the stage in the preparation of the plan at which they can make themselves heard, and the ease with which they can make use of the documentation provided and the techniques involved.

The participation of employers' and workers' organisations can thus be distorted for historical, legal or sociological reasons, such as the different degrees of organisation of the various social strata, the technical complexity of the methods of appointing representatives or the difference in the qualitative weight of the various partners. The danger is that the result may be strain, conflict and the risk of social strife. This may happen “if, in selecting the members of these bodies, governments tend to prefer men who show most sympathy with their own policies or display the least drive and independence. Inclusion of individuals who are not really representative, who are cut off from their followers and member organisations because of the functional and structural shortcomings of their movement, who are not adequately trained to perform their jobs properly, or who do not enjoy the confidence of the other leaders, only turns the participation process into a mere formality.”<sup>2</sup>

### **The need for adaptation**

Even if the occupational organisations consulted are truly representative, even if the systems of representation—methods of appointing representatives and means of participation available to them—are acceptable, the need remains for these organisations to adapt themselves to the new field of action open to them—which is part and parcel of the demands made by technical development—and to change from a posture of militancy to one of responsibility.

One must not, of course, be deceived by the ambiguity of the word “responsibility”, which writers on the subject too often like to attach to employers' and workers' organisations.<sup>3</sup> In fact, “the idea of responsibility is dual: trade unions must in the first place be responsible towards their members and the workers; they cannot allow themselves even to appear to neglect this aspect. Thus they can be responsible towards the general interest only if this first requirement is satisfied.”<sup>4</sup> It also remains to be seen whether the way in which “the labour movement tends to be regarded (by government officials and by some trade union

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<sup>1</sup> R. BONET: “Participation des syndicats à l'élaboration du V<sup>me</sup> Plan”, in *Revue de l'action populaire* (Paris), No. 193, Dec. 1965, p. 1201.

<sup>2</sup> *Report of the Director-General: Social development in the Americas*, op. cit., p. 100.

<sup>3</sup> See, for example, A. MEHTA: “Le rôle des syndicats dans les pays sous-développés”, in *Bulletin Sedeis* (Paris), Study No. 707, 1 Nov. 1958, pp. 23-24.

<sup>4</sup> BOCKEL, op. cit., p. 591.

leaders) as an instrument of economic development in the interests of the whole nation, rather than as a class group,"<sup>1</sup> will correspond to the real course of events. "It is often more generous than realistic to sing the praises of participation. As soon as one thinks coldly about the precise meaning of this objective, one sees instead of the Utopian 'fusion of aims' the reconstitution of a complex system of action, and this forces one to make a distinction between the demands of the workers and those of industrial organisation."<sup>2</sup>

Experience of participation shows, however, that—

Links that tend to become institutionalised gradually modify the missions assumed by many bodies. From being private, autonomous bodies preoccupied with their own demands, they must enter wider fields of action, accept new disciplines and receive not only the aid but also the guidance of the authorities. In exchange, they become better able to exercise influence where decisions are taken. The difficulty for a body accepting this institutional commitment but wishing to remain itself is to avoid being absorbed. It must do everything to preserve the right to press claims and the effective power to press them; this is a delicate aspect of the present trend. It is unlikely that the balance between collaboration and militancy will come at first from the interplay of institutions, however carefully they may be devised. The essential role will be played by a change in public attitudes: an awakening of the various groups to collective values enabling them to broaden their horizons and fight against their own individualism; respect from the authorities for the independence of the groups and a genuine desire for their collaboration; for both sides an apprenticeship in dialogue through the abandonment of sectarianism and the practice of pluralism.<sup>3</sup>

It is not only the possibilities for action open to the various social groups participating in planning that are affected, however, for "it appears, in fact, that beyond a certain point, participation in the planning process requires the representative organisations to reconsider their place in the economic scene and to reform their structure".<sup>4</sup> It will, indeed, be seen that, if participation is to be genuine, it must be carried out simultaneously at more than one level. "To be present in one place and absent elsewhere means to commit oneself and sometimes give one's approval to an action that may later be deflected from its purpose by the weighty intervention or the passiveness of other groups. What is required is participation both in the whole and in each of its elements."<sup>5</sup> The immediate consequence will be the need for persons able to take responsibility, a need that is all the more painfully felt since, in the developing countries, such persons are rare and often lack education and the ability to take a general view of problems, as well as time and money. The need will also

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<sup>1</sup> C. A. MYERS: *Labor problems in the industrialization of India* (Cambridge, Massachusetts, Harvard University Press, 1958), p. 180.

<sup>2</sup> A. TOURAINE: *La conscience ouvrière* (Paris, Editions du Seuil, 1966), p. 130.

<sup>3</sup> P. VIAU: "La participation, mythe ou nécessité", in *Economie et humanisme* (Lyons), July-Aug. 1965, p. 13.

<sup>4</sup> BONNAUD, *op. cit.*, p. 358.

<sup>5</sup> Ph. LAURENT: "La participation à la décision économique", in *Revue de l'action populaire* (Paris), No. 167, Apr. 1963, p. 418.

be felt for the urgent strengthening of the economic departments of the trade union federations and for the collaboration of an adequate staff of economists and other experts.<sup>1</sup> It will not be enough, however, to have a competent general staff: if misunderstandings are to be avoided between the base and the summit of the occupational organisations, economic and social training will have to be organised at every level. Lastly, the very structure of the occupational organisations may be called in question by the practice of participation, whether it be because this requires some regrouping for the better co-ordination of strategy at the national level or because it implies new foundations in place of the present trade union structure based on company unions that carry out collective bargaining at the level of the undertaking.

In the end, then, "it is through an increase in trade union power at every level, through persistent efforts to train and inform active members and workers, through a trade union movement democratically based on the working masses, an ever wider diffusion of the concept of political and economic democracy, and through inspiring its activities with a twofold aim: the improvement of conditions and the acceptance of responsibilities . . . that trade unionism will cover the long road towards greater justice in the world".<sup>2</sup> It is clear that for the developing countries these are conditions that are difficult to reconcile, but without them participation will often become a mere formality because the basic material necessities are lacking.

## **II. Existence of machinery for participation**

Even where the first of the conditions mentioned earlier—the existence of employers' and workers' organisations competent to participate—is satisfied, the participation of these organisations will not develop if the necessary institutional machinery has not been set up, if no effort has been made to provide the conditions for its proper functioning or if there has been no attempt at institutional reforms where necessary.

### **The institutional machinery for participation**

The machinery for participation of course varies very much, since its nature depends in each case on the particular conception of planning and on the level at which participation is to take place. If a very broad definition of planning is adopted and identified, as it sometimes is, with economic policy as a whole, it is quite certain that all kinds of bodies for consultation with occupational organisations (commissions, committees,

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<sup>1</sup> See *Economic and Social Bulletin* (Brussels, International Confederation of Free Trade Unions), Mar. 1964, p. 32.

<sup>2</sup> BONETY, *op. cit.*, p. 1212.



working parties, round tables, conferences) should be given consideration. The view taken in this article is that planning is inconceivable without a specific plan. On this basis, even if it is true that participation can take the form of unofficial consultations and does not necessarily imply that the three parties must sit round the same table, permanent machinery does offer undoubted advantages. The procedures used do not achieve real importance and effectiveness without official machinery. Only in this way can employers' and workers' organisations handle and discuss all the most important economic decisions at every level. There are three possibilities<sup>1</sup>: participation by occupational organisations in planning can be organised at the national level, the regional level, and the level of the firm.

At the national level planners are entitled to expect two things from participation: the adoption of political attitudes on the expected future of the nation and technical work in the detailed preparation of the plan. Hence two different types of institution exist.

Political bodies representing, with various systems of weighting, the government, the employers and the wage earners are responsible, before the adoption of the plan and sometimes even before any technical preparation has been carried out, for giving their advice on the plan as a whole, its possible variants and, in any case, its objectives. The names may differ—Central Planning Council in Morocco, National Planning Board in Tunisia, National Planning Committee in Mauritania, Advisory Planning Council in Brazil and Peru, National Economic Policy Council in Colombia and National Industrial Economic Council in Ireland—but representatives of workers and employers are found at the highest level in countries as different as Burma, Cameroon, the Congo (Brazzaville), Gabon, Ghana, Guinea, Honduras, India, Indonesia, the Ivory Coast, Mali, Nicaragua, Niger, the Philippines, El Salvador, Senegal, the United Arab Republic and Viet-Nam. Though it is true that in many cases these bodies do nothing but rubber-stamp decisions, their theoretical political mission must at least be recognised.

Technical bodies like the French modernisation committees specialise in a particular sphere: sectors of industry (Mali, Mexico, Morocco, Tunisia), investment (Costa Rica), employment, finance, and social security institutions (Bolivia, Burma, India, Peru, the Philippines, Uruguay, Venezuela), vocational training (Brazil, Colombia, Cyprus, the Philippines, Venezuela). Thus, as far as participation by employers' and workers' organisations in the technical aspects of planning is concerned, there are the Irish joint industry councils, the Tunisian sectoral committees, the Moroccan specialised committees, the Indian standing advisory groups, the Argentine working parties and the Mexican

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<sup>1</sup> At least if one ignores participation by occupational organisations in attempts at supranational planning, which for the moment remains in the region of pious hopes rather than concrete achievements.

sectoral committees. The procedures employed at this level are sometimes very flexible: round tables, restricted working parties, ad hoc meetings and direct consultations on the initiative of the central planning body. Though their activities are given less importance than the political task of working out the national destiny, these technical advisory bodies nevertheless have an essential part to play.

At the regional level analyses are still very often superficial, for want of adequate tools.<sup>1</sup> In the developing countries, however, where structures are disjointed, it is essential that vertical analysis, whether by nature of activity or by factor involved, should be supplemented by a horizontal approach based on the socio-economic unit. Some countries are aware of this and put the emphasis on regional development. Of course, the promotion of regional development must not lead to excesses of disruptive regionalism, but it can play a valuable role in participation as conceived in this article: decentralisation can bring useful solutions to underdevelopment by overcoming social resistance to change, by encouraging the participation of individuals in government development policy, by strengthening the relations between the authorities and the population and by disseminating essential information.<sup>2</sup>

Under various names (regional commissions, regional committees, provincial commissions, provincial councils), bodies—sometimes joint bodies—have been established to promote regional development, as in Argentina, Chile, Ecuador, Mauritania, Morocco, Puerto Rico, Senegal and Tunisia. The participation of occupational organisations may be active at this level, but it involves the risk of favouring regional individuality at the expense of the national interest.

It is essential, however, not to be deceived by superficial and rather optimistic impressions, for, indeed, “neither the plans for sectors nor the regional plans are generally worked out with trade union participation, and the same is true, more often than not, for the preparatory phase of the plan as a whole, too often entrusted to groups of foreign technicians, lacking contact with the population and its representatives. In many cases, when trade union participation in planning does exist, it finds no channels for expression except at the very top level, for example within the economic and social council. At this level its influence on decisions is necessarily limited, and any eventual modifications of the plan are difficult to obtain.”<sup>3</sup>

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<sup>1</sup> See, however, Organisation for European Economic Co-operation, European Productivity Agency: *Regional economic planning: techniques of analysis* (Paris, 1961).

<sup>2</sup> H. MADDIK: *Democracy, decentralisation and development* (London, Asia Publishing House, 1963).

<sup>3</sup> I.L.O., Workers' Education Programme: *African Seminar on the Role of Trade Unions in Development Planning* (Dakar, 28 November-10 December 1966) (mimeographed document WED/S.5/D.1) (Geneva, 1966), p. 36.

If participation at the level of the firm is comparatively well organised—institutionally at least <sup>1</sup>—in the socialist economies of the Soviet or Yugoslav type, this is hardly true in decentralised economies. Nevertheless, in several developing countries it is not uncommon to see attempts to associate employers' and workers' organisations with decision-making.<sup>2</sup> But, as experience of consultation in nationalised undertakings in France and the United Kingdom shows <sup>3</sup>, institutions, however well organised they may be, are not in themselves sufficient to ensure effective participation, for there is often a wide gap "between the outward legal appearance of a set of laws and regulations and the daily reality of their application".<sup>4</sup> It therefore comes down to what use is made of legal texts.

### The working of the machinery for participation

The mere existence of suitable machinery is not enough to initiate a social dialogue. It is on the proper running of this machinery that the genuineness of participation ultimately depends. Three aspects of the question can be identified: the information available, the discussion that is possible, and the nature of the decisions reached. These must now be considered in turn.

The information available is often one-sided and not entirely objective. Even when this is not so, it is inevitable that there should often be too obvious inequalities between those taking part in the discussions in respect of means of study and sources of information.<sup>5</sup> Under these conditions the social partner who has a monopoly of information has a compelling power in relation to the others, who are left with the choice of agreeing to use this one-sided information as a framework for discussion or of rejecting it altogether; in either case participation is distorted. If improved communication is desired, great efforts have to be made and a certain amount of imagination must be brought to bear in order to adapt the information to the understanding of the various social partners, for example by means of audio-visual techniques.<sup>6</sup>

<sup>1</sup> More detailed sociological research, however, sometimes leads to very negative conclusions (see Jiri KOLAJA: *A Polish factory. A case study of workers' participation in decision-making* (Lexington, University of Kentucky Press, 1960); Iz. MAJCHRZAKOWA, J. KULPINSKA and H. BIACEK: "Les conseils des travailleurs en Pologne", in *Revue des études coopératives* (Paris), 30th Year, No. 111, Jan.-Mar. 1958, p. 41).

<sup>2</sup> See A. SALAH-BEY: "Trade unions and economic and social development in the Maghreb", op. cit.

<sup>3</sup> See D. DE BRULLE: "La démocratie économique dans les entreprises nationalisées britanniques et françaises", in *Les annales de l'économie collective* (Liège), 53rd Year, No. 4, Oct.-Dec. 1965, p. 547.

<sup>4</sup> B. CHENOT: *Le fonctionnement des entreprises nationalisées* (Paris, Dalloz, 1950), p. 151.

<sup>5</sup> See the study by P. TURIN in P. VIAU (ed.): *Démocratie, planification, aménagement*, collection "Economie humaine" (Paris, Les Editions ouvrières, 1964), p. 95.

<sup>6</sup> In this connection see B. F. HOSELITZ: "Problems of adapting and communicating modern techniques to less developed areas", in *Economic Development and Cultural Change* (Chicago, Illinois), Vol. 2, No. 4, Jan. 1954, pp. 249-262; and A. CELARIE: *Contribution à une sociologie de l'information* (Paris, S.E.P.A., 1966).



In whatever discussion may take place the participation of certain social groups may also be illusory: "Long after the right to express their views has been granted to various social groups that were at first condemned to silence, it would be naïve to regard as social dialogues *unequal disputes in which this right is exercised*; these disputes take place between dominant producers and dominated producers, between full-fledged citizens and incomplete citizens, between real nations and apparent nations, between real sovereignties and fictitious sovereignties."<sup>1</sup> Several elements may help to falsify the dialogue. Certain subjects may—explicitly or implicitly—be excluded *a priori* from all discussion because they would tend to reopen the question of the political or social foundations of the existing system. It can happen that certain aspects of planning, without being excluded *a priori*, may be unsuitable subjects for discussion on account of their technical nature, only technicians being able to understand the details of the problems involved. There would then be a clear conflict between the desire for participation and technical requirements.<sup>2</sup>

Thus decisions made by official bodies for participation often merely ratify decisions that are actually taken elsewhere. The unofficial or hidden character of the points where decisions are actually taken has been noted by a perceptive observer, whose duties place him in a good position to judge. "The realism of experienced men", he writes, "teaches them that chance meetings have often been of greater importance in decisions than official gatherings; that a large or solemn gathering never does anything but ratify what has been decided elsewhere; and that, if it is to be effective, economic diplomacy, like political diplomacy, whether domestic or foreign, must remain pretty empirical, as regards the form taken by meetings, and confidential, as regards their purpose."<sup>3</sup>

So there are many methods of encouraging support without resorting to the cumbersome channels of actual participation.

These methods may lead to social integration through a conformism that avoids disputes; they may develop in the individual a feeling of identification with the group and an artificial feeling of belonging; or they may abuse the system of representation by giving the individual a false conviction that his problems are understood and dealt with at the higher level without his having to bother about them himself. All these methods are no more than substitutes for participation, since they share the following characteristics: they do away with carefully thought out views on a problem, replacing objective information with over-simple affirmations, pictures or raw facts removed

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<sup>1</sup> F. PERROUX: *Industrie et création collective* (Paris, Presses universitaires de France, 1964), Vol. I: *Saint-simonisme du XX<sup>me</sup> siècle et création collective*, p. 131.

<sup>2</sup> It has thus been observed that "the impact of technique not only compromises the normal functioning of parliamentary institutions; through them it strikes at the very principle of the democratic system. Government by opinion gives way to the power of initiates who alone understand the secrets or even just the rules of technique" (M. MERLE: "L'influence de la technique sur les institutions politiques", in *Politique et technique* (Paris, Presses universitaires de France, 1958), p. 58).

<sup>3</sup> F. BLOCH-LAINÉ: "Pouvoir économique et société", in *Revue de l'action populaire* (Paris), May 1961.

from their contexts; they avoid all dialogue, and *a fortiori* all argument, at least on the basic principles or the essential aims of the group, even if they allow the discussion of minor points as a sop; they tend to obtain support by invoking emotional elements such as confidence in a man, the appeal of a myth or the feeling of belonging; they rule out the taking of responsibility, for fear that the authority of those in power should be called in question or differences of opinion should arise.<sup>1</sup>

It should also be noted that, apart from the desire to obtain formal acceptance of decisions taken elsewhere, it is of the essence of state power to make the final choice, for it is in the very nature of the State to fix the framework for participation and, in the last resort, to arbitrate where necessary.

### **The reform of institutions**

Since the willingness of employers' and workers' organisations to take part in economic and social planning requires a suitable and well functioning organic institutional framework to become effective, the reform of institutions will often prove to be a task requiring urgent attention.

In considering the reorganisation of the bodies where participation takes place, in order to make the co-operation of the various occupational organisations more effective, the theme of "democratic planning" inevitably comes to the fore, about which much has been written in France and which is also sometimes met with in the developing countries.

The term implies that efforts should be made to encourage a concerted fixing of purposes and that rationally institutionalised processes should therefore be established. The first consequence would be a preliminary choice of the broad lines of general policy. Consultation might take place on a draft over-all plan, with several variants, proposed by the government. The draft might first be discussed by parliament along broad political lines<sup>2</sup> and then by the representatives of the social and economic interests in the nation in a body whose composition would be weighted in accordance with the economic weight of the various interests and modified in accordance with the economic development of society.<sup>3</sup> The consultation of workers' organisations is, of course, more readily admitted than their actual participation and it may well be thought that

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<sup>1</sup> VIAU: "La participation, mythe ou nécessité", op. cit., p. 9.

<sup>2</sup> This is one of the basic ideas propounded in France by the authors of the "counter-plan"; according to them "the socialist movement can use the Plan as a major instrument in its political action. It is up to the movement to criticise government projects in detail and to offer a counter-plan covering the same period as the Plan but projecting a different view of the future." (J. ENSEMBLE: *Le contre-plan* (Paris, Editions du Seuil, 1965), p. 43).

<sup>3</sup> This idea, put forward by P. MENDÈS-FRANCE in his book *La république moderne* (Paris, Gallimard, 1962), has a close analogy with the Yugoslav system, which the present author has already had occasion to study (Guy CAIRE: *L'économie yougoslave* (Paris, Editions ouvrières, série "Economie et civilisation", 1962)). However, the only person who seems to have drawn this analogy is J. MEYNAUD (*Planification et politique* (Lausanne, Imprimerie R. Bellanger, 1963), p. 43).

the principle of compulsory consultation would in many cases be an undoubted step forward. At this stage, however, there are two observations to make. First, it must be remembered that there is an important limit in democracy that must not be exceeded and that one must beware of a constant spiralling of consultations at the expense of the thought and study that remain an indispensable preliminary to democratic discussion. Secondly, the proposal for the consultation of the social and economic interests of the nation is giving rise to a serious and fundamental discussion, which has claimed attention, particularly in Italy.<sup>1</sup> There are some who think that the formal representation of the various interest groups would be a serious political error, that it would reduce the plan to nothing more than the reflection of the desires and hopes of the dominant interests, that it would take no cognisance of certain unorganised social groups such as craftsmen and that it would disregard, in the name of "sociological metaphysics"—with a whiff even of the corporate State—the essentially political character of every plan. On the other hand, there are those who, while recognising the predominant part that must be played by parliamentary bodies, nevertheless think that it is necessary to be aware of the views, and the possible opposition, of the main interest groups, and in any case the obstacles that may hinder the preparation and execution of the plan, if it is not to remain an abstract exercise.

The concerted fixing of purposes next implies detailed preparation by bodies of a more representative nature. This in its turn, as we have seen, raises a whole series of problems. It can be observed, however, that if the work of bodies so composed is to be effective it is important to guarantee to the participants some stability and continuity in the performance of their functions, compensation for any material loss they may suffer through participating, and an opportunity for minorities to make their voices heard through the inclusion of their opinions in the report that these bodies will finally have to draw up. In the same way, the working methods should be so organised that meetings are regular and that the methods of placing the various items on the agenda are fairly flexible and perfectly clear to all.<sup>2</sup> Effective tools for participation should also be made available to the social partners. In the first place, there should be adequate statistical information, either through a public information service, taken over by the State, as in the United Arab Republic and Ceylon, instead of remaining the jealously guarded property of professionals, or by the encouragement of a "pluralism"

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<sup>1</sup> "La strumentazione democratica della programmazione" (Round-table conference, Rome, September 1962), in *Tempi moderni* (Rome), special issue, Oct.-Dec. 1962. The discussions referred to in this publication have been extensively reproduced in J. LA PALOMBARA: *Italy. The politics of planning* (Syracuse University Press, 1966), pp. 97-99.

<sup>2</sup> See I.L.O.: *Industrial relations in certain African countries*, Labour-Management Relations Series, No. 22 (Geneva, 1964) (mimeographed), pp. 153-156.



of statistical information.<sup>1</sup> Economic information, however, is involved as well as statistical information: a true democracy should enable a wide public to discuss the basic data of the plan and to be aware of the timing of its various stages and the order of priority of its various targets. However, this by no means implies that it is enough for institutions to be set up and organised in such a way as to achieve maximum effectiveness. The establishment of a real social dialogue also calls for suitable attitudes on the part of the social partners. These will now be discussed.

### III. Need for suitable attitudes

If participation by employers' and workers' organisations is useful in economic development and if it must therefore be organised at every stage of the planning process by the establishment of appropriate institutions, it must also, in order to be practicable, be wanted by some, if not all, of the social partners. Hence the need to carry out, in outline at least, a study of opposing individual aims and the clash of interests, as is done in modern analysis of the organisation<sup>2</sup> considered as the living together of groups each with its own strategy and each endeavouring to safeguard and exercise its power.

With regard to the public authorities, it is obvious that the attitude of governments can be decisive in the success or failure of participation. As for the employers' and workers' organisations, here it is also apparent that there may be a gap between the institutional participation provided for by law and the psychological participation of those concerned<sup>3</sup>; and so the prospect of participation by the workers will depend on the view taken by the workers' movement of its future role and on the present political context, since "the quality of trade union participation is determined at present by the interplay of three major elements: the attitude of the public authorities, the way in which participation is organised, and the attitude of the workers' representatives".<sup>4</sup> An attempt must therefore be made to list the factors favouring the initiation of a dialogue concerned with planning. These factors may be sought in three main directions.

#### Political factors

First and foremost, it is clear that there are a number of elements of a very general nature such as those that were indicated by the members

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<sup>1</sup> A term coined by J. BOISSONNAT ("Le V<sup>me</sup> Plan et la crise de la planification française", in *Esprit* (Paris), Feb. 1965, p. 398).

<sup>2</sup> See J. G. MARCH and H. A. SIMON: *Organizations* (New York, John Wiley & Sons, 1958).

<sup>3</sup> See Y. DELAMOTTE: "Conflit industriel et participation ouvrière", in *Sociologie du travail* (Paris, Editions du Seuil), 1959, No. 1, pp. 12-23.

<sup>4</sup> BOCKEL, op. cit., p. 581.

of the Committee on Consultation and Co-operation set up by the International Labour Conference at its 44th Session.<sup>1</sup> These include awareness that consultation and co-operation may be productive of useful results and that the public authorities are anxious to obtain the views of the employers' and workers' organisations and to take heed of them; good faith, confidence and mutual respect, freedom and independence of each party; voluntary participation of the partners and an inclination to meet. Among all these conditions, one seems to predominate: "An essential condition is that the political leadership should be prepared to take energetic action to promote the country's economic and social development and a fairer distribution of the national income and also to take such measures as are needed to give the employers' and workers' organisations an effective voice in decisions on economic and social matters."<sup>2</sup> This recommendation may seem self-evident but there are certain fundamental truths that need to be proclaimed from time to time. In the absence of this underlying condition, there can be no real participation in the power of decision or in the choice and assessment of documentation, or, in other words, in the preparation of the plans proper. The trade unions in developing countries are particularly sensitive to this state of affairs and, even if they do not always clearly detect the causes, seeing only a desire to discriminate, it is none the less true that such a situation deteriorates the social climate. The following lines are taken from a workers' journal:

... By far the greatest obstacle to effective trade union participation in economic planning is the attitude of some governments themselves. With the possible exception of one or two, most of them have not created the conditions conducive to effective trade union participation. Hardly do they consult with the trade unions in economic planning; at best they only remember trade unions when the plans run into difficulties in the course of implementation. It is at this stage that they talk loudly of trade union co-operation and how anxious they are that the unions should help the government in the execution of its plans. There are probably two reasons for this attitude. First, all of them without exception attach undue importance to the possession of university degrees and diplomas. The feeling has, therefore, grown among many people that those who do not possess these university qualifications cannot make a contribution towards national planning. Among those, of course, who do not possess university degrees are trade union members and their leaders.

Secondly, most of these governments rely almost without question on the opinion of so-called experts who are either university products or university lecturers, forgetting that university lecturers, professors and graduates are themselves human beings subject to the same human frailties, like prejudices, interests to protect and of course ideological orientations.<sup>3</sup>

<sup>1</sup> International Labour Conference, 44th Session, Geneva, 1960: *Record of Proceedings* (Geneva, I.L.O., 1961), Appendix VIII, Second Report of the Committee, "Observations regarding consultation and co-operation between public authorities and employers' and workers' organisations at the industrial and national levels", paras. 6, 7, 13, 14 and 24, pp. 672-675.

<sup>2</sup> *Report of the Director-General: Social development in the Americas*, op. cit., p. 98.

<sup>3</sup> "Trade unions and economic planning in West Africa", in *Economic and Social Bulletin* (Brussels, International Confederation of Free Trade Unions), Vol. XIV, No. 6, July-Aug. 1966, p. 44.

The feeling among workers' circles that they are isolated may be reinforced if, as often happens, they have the impression that the employers' organisations receive more attention from the public authorities; this occurs because the employers' organisations—

have in actual fact, always and in all places, had the ear of the governments, at least under capitalist régimes. Capital being one of the essential elements in the application of an economic and social policy, it is "natural" that governments should seek ties with those possessing it rather than with a majority lacking it. How many governments have depended on the employers' organisations or the great undertakings to back, for example, a prices policy? It is therefore not open to question that the employers' organisations have long had the opportunity of participation in government economic policy, which gives them considerable influence when it comes to discussing social policy where this particularly affects the workers.<sup>1</sup>

In these circumstances it is easy to understand that participation often appears to the workers as a means of using them as a guarantee, particularly if a deficiency in economic information goes hand in hand with a feeling of frustration in the discussions and perhaps even with the impression of having no part in any decisions that may finally be reached. If a decision on the future of the nation thus appears to them to be one-sided, it is clear that the participants will soon revise their position. This will lead to a new view of participation. If the partners are unable to participate in decisions taken during the planning process, participation in the plan will then be sought merely as a means of obtaining satisfaction for sectional claims, possibly by concluding tactical agreements with other social groups. Thus presence in bodies set up for participation will not involve any commitment that might be converted into a virtual contract; it will not even lead to understanding or sympathy expressed in the form of benevolent neutrality but will be confined to the pursuit of sectional interests and immediate claims. As Alain Touraine has said—

This problem is particularly serious in the developing countries, which lie under the weight of strong group attachments, opposed by their very nature to a general effort towards economic progress. Hence the temptation to by-pass popular support and democratic processes. But this method disrupts the political system, and even destroys it, by isolating the dynamic element, namely development. The principal weakness in this tyranny of development is that it strengthens the forces opposing it, giving these other elements an independence that perverts their meaning: group attachments, the desire for a formal and egalitarian democracy, and the desire for the immediate satisfaction of consumer wants, refusing any delay. All these elements form an alliance against an abstract campaign for development launched by a capitalist group, the state authorities or a foreign power.<sup>2</sup>

At this stage some lessons begin to emerge from our analysis. First, there is the need to recognise the existence of possible antagonisms

<sup>1</sup> C. N'DOFFENE DIOUF: "La participation des organisations professionnelles à l'élaboration et à l'application de la politique économique et sociale", in *Les relations professionnelles dans certains pays africains* (Geneva, I.L.O., 1964), p. 298. The English version, *Industrial relations in certain African countries* (Labour Management Relations Series, No. 22), which has already been referred to, does not reproduce the relevant section of this paper.

<sup>2</sup> A. TOURAINE: *Sociologie de l'action* (Paris, Editions du Seuil, 1965), pp. 313-314.



between the social partners and so to accept the possibility of conflict: "There is less temptation in France than elsewhere to believe that dialogues will eliminate conflict and to forget that a dialogue without conflict rapidly becomes a monologue or silence."<sup>1</sup> Next there is the need to admit the resulting implications and in particular the free choice of each of the social partners: "Any economic planning and programming becomes meaningless if its objectives are imposed by unilateral and totalitarian measures upon the working population, who should benefit most from its implementation", writes a trade unionist. He continues: "What we demand is democratic planning and democratic programming . . . providing for an active participation of the trade unions in the drawing up and execution of such plans and programmes."<sup>2</sup>

The characteristics of participation thus influence planning and make it easy to distinguish between formalistic and realistic planning.<sup>3</sup>

FORMALISTIC PLANNING

National planning:  
exists apart from the people involved in it;  
eliminates competition, particularly in economic matters;  
provides an escape from the struggle for political power;  
is based upon the myths of central omnipotence and perhaps even omniscience;

REALISTIC PLANNING

National planning:  
is based upon the activities of human beings with personal aims of their own;  
involves the handling, or even the promotion, of many varieties of intra- and inter-organisational conflict;  
is essentially a process of acquiring, maintaining and utilising power;  
involves the widespread dispersion of power, authority, and knowledge;

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<sup>1</sup> J. D. REYNAUD: *Les syndicats en France* (Paris, Colin, collection "U/Série société politique", 1963), p. 281.

<sup>2</sup> Statement by H. MAIER, representative of the I.C.F.T.U., at the 39th Session of the United Nations Economic and Social Council on 6 July 1965 (*Economic and Social Bulletin* (Brussels, I.C.F.T.U.), Vol. XIII, No. 5, Sep.-Oct. 1965, p. 13). These remarks might appear a little vague and abstract if they were not immediately clarified by a comment on a matter that, although it is only a particular aspect of economic planning, is of decisive importance to the workers' organisations: "... We recognise that an 'incomes policy' might be desirable from an over-all economic point of view. However, we believe that a prerequisite for dealing with a programme on incomes would be the common acceptance of certain social and economic objectives and a common view on the role of trade unions in over-all economic planning. Furthermore, in cases where governments tend to confine incomes policy to wage policies trade unions would decline to co-operate. Wages and social benefits are one side of the medal and profits as well as incomes of independent social groups are the other. An 'incomes policy' would, therefore, have to deal with all categories of income, otherwise there exists the danger that governments and employers will abuse these policies and impose measures for restraining wages while profits and independent incomes would remain unchecked." (Ibid., pp. 13-14.)

<sup>3</sup> See B. M. GROSS: "The great vista: national planning research", in *Social Sciences Information* (Paris, U.N.E.S.C.O., International Social Science Council), June 1965, pp. 12 ff.

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| is equivalent to the preparation of a static set of objectives;  | is a never-ending process;   |
| is produced entirely by specialised experts;   | involves the interweaving of the expertise of many experts, under the guidance of administrators and politicians whose expertise lies in their abilities as generalists; |
| consists of documents, procedures and controls that eliminate uncertainty and remove the need for improvisation; | provides the basis needed for the flowering of man's creative imagination and ability to improvise in the light of changing problems and technologies;                   |
| is controlled by a central planning organisation.  | is the product of the interaction of the large number of organisations and individuals involved in formulating and effectuating national purposes. <sup>1</sup>          |

### **Social and cultural factors**

In many countries cultural immaturity is a major obstacle to the establishment of true participation. The expression is not intended to be pejorative; it simply refers to the well-known fact that "the possession of a minimum of economic security is the necessary condition for the effective rationalisation of economic behaviour".<sup>2</sup> Cultural immaturity in this sense may be found among both the members of occupational organisations and their leaders.

With regard to the members, it is interesting to note the importance accorded by modern analyses of economic development to the factors making up the personality, of which the desire to participate is clearly one. There are, however, social and economic laws that preclude all possibility of participation. Under these conditions, without even the essential minimum, there can be no question of participation; but it should be added that in the absence of the necessary conditions for the expression of deliberate choices on the broad lines of policy, new sources of conflict are likely to arise between the participating élites, who argue in terms of development and structural reform, and the masses, who are guided by the more immediate preoccupations of mere survival.

A full analysis of the social and cultural factors governing participation by individuals has not yet been completed. Some of the favourable factors that have been brought to light may, however, be mentioned<sup>3</sup>: the more heterogeneous society is, the more associations are formed and the more participation there is, the more the actual groups in which the individual is born and lives have been and are affected by social change,

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<sup>1</sup> Ibid., p. 19.

<sup>2</sup> *Travail et travailleurs en Algérie* (Paris, Mouton & C<sup>ie</sup>, 1963), Part II: "Etude sociologique", by Pierre BOURDIEU, p. 338.

<sup>3</sup> See A. MEISTER: "Caractéristiques de l'associationnisme et du militantisme en Yougoslavie", in *Sociologie du travail* (Paris), 6th Year, No. 1, Jan.-Mar. 1964.

the more the individual participates. Participation is at its greatest in the most active period of occupational life between the ages of 25 and 45. It is greater where the occupational activity of the person is carried out in a modern sector or a modern occupation; the less manual the activity, the greater the participation. Participation varies with the level of education, the level of information, the ability to detect social change, the degree in which a person's attitude is favourable to it, and the strength of the desire to rise socially. These elements in the individual person are supplemented by factors connected with the social structure of the country under consideration. In India, for example, there are four elements hindering participation<sup>1</sup>: first of all, the caste system, which, combined with the cleavage between urban society and rural society, creates an obstacle to the acceptance of the leadership of the most advanced and best qualified people; next, the division of the peasantry into rigid groups, which prevents the emergence of leaders who might have a non-partisan view of communal problems; then, the traditional attitudes of respect, resulting from the hierarchical structure of Indian society, which run counter to the democratic spirit that is the very basis of participation; lastly, the extreme specialisation of jobs and the tendency to know nothing of problems and qualifications outside a very limited sphere.

While cultural immaturity may be a cause of tension between the represented and those representing them on the bodies where participation takes place, it may also be found among the leaders themselves. There are several factors to consider. In the first place, the cultural and educational level has an influence here too. Secondly, there is the cultural pattern of the society to which these leaders belong. Thirdly, the methods of trade union organisation may in their turn have their effect on participation. In Latin America, for example, a result of the preponderance of company trade unions is that many of the leaders have insufficient rank and education to participate effectively in the work of planning.<sup>2</sup> Fourthly, there are the customs and ideologies peculiar to the trade union movement of each nation.

In spite of these difficulties, however, it is conceivable that in the developing countries, in certain circumstances, economic interests may be reconciled more easily under conditions of rapid development—the very purpose of planning—since an improvement in distribution takes place through the increase in national income. Certain characteristics peculiar to the developing countries may also enhance the possibilities of achieving a consensus among the various social partners.

First of all, reference may be made to the positive role that may in certain cases be played by the industrial élites. Thus numerous surveys

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<sup>1</sup> See D. R. GADGIL: "Socio-economic factors underlying pattern of leadership", in *Co-operative leadership in South East Asia*, pp. 68-79.

<sup>2</sup> See V. ALBA: *El leader: ensayo sobre el dirigente sindical* (Mexico City, Universidad Nacional, Instituto de Investigaciones Sociales, 1957).



have shown a positive correlation among industrialists between a modern attitude involving a national scale of values and the adoption of constructive attitudes towards social participation. This is found in all spheres: conditions of work, training of staff, labour-management relations.<sup>1</sup>

Consideration may next be given to the social structure found in certain developing countries. There is more hope of obtaining an adequate consensus between the social partners in some countries than in others. Where class divisions are absent or embryonic, where landlordism is weak and landless peasants are few, and where a comparatively strict economic and social equality prevails among the land-owning peasants and the agricultural workers, the chances of obtaining agreement on development plans and co-operation in their execution are comparatively good, particularly if relations between the administrative authorities and the rural population are reasonably intelligent, sympathetic and flexible. Unfortunately, these conditions are found more often in tribal regions, where the possibilities of development are slight, than in the great agricultural plains, where, on account, of the resources available, the main efforts towards development have been made. This is a very broad and imprecise correlation, but most of the rural studies published so far tend to confirm it.<sup>2</sup>

Lastly, reference may be made—at least in respect of Africa—to the characteristics of the State itself. “Since the State, except in one or two countries, is not yet bound to a class system, it is possible for the trade union movement to accept co-operation, participation and even a degree of integration in the activities of the nation.”<sup>3</sup> It is true, of course, that these three elements—socially progressive employers, only slight differentiation into social classes, and a State unbeleaguered by combined interests and so able to attract and retain the co-operation of the workers’ movement—are not often found together. If one of them is present or each of the three is partly present, however, this is enough to provide the beginnings of the dialogue that is characteristic of genuine participation.

### **Ideological factors**

In the third place, we do well to remember the ideological fusion often found in the developing countries where the single party system

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<sup>1</sup> See A. LAUTERBACH: “Actitudes empresariales y el desarrollo económico”, in *Revista de Economía Latinoamericana* (Caracas), June 1961, p. 5397; “Executive training and productivity: managerial views in Latin America”, in *Industrial and Labor Relations Review* (Ithaca, New York, Cornell University), Vol. 17, No. 3, Apr. 1964, pp. 357-379; and F. H. CARDOSO: “Tradition et innovation: La mentalité des entrepreneurs à São Paulo”, in *Sociologie du travail* (Paris), Vol. V, No. 3, July-Sep. 1963, pp. 209-224.

<sup>2</sup> See A. H. HANSON: *The process of planning: a study of India's five-year plans, 1950-60* (Oxford University Press, 1966), pp. 436-437.

<sup>3</sup> G. ESPÉRET: “Syndicalisme et développement”, in *Développement et civilisations* (Paris, Centre international de recherche et de formation en vue du développement harmonisé (CIRFED)), No. 17, Mar. 1964, p. 73.

prevails, which in itself facilitates co-operation among the various occupational families. In this connection, reference may be made to the influence exercised in Africa by pan-Africanism<sup>1</sup> both on the political parties and on the workers' movement. Perhaps, however, the ideology most frequently found among the leaders of new nations is what might be described—if the expression had not acquired an unfortunate connotation—as “national socialism”. This is the product of a struggle for national freedom and against foreign exploitation, during which the emphasis is placed on joint action and discipline and through which public opinion tends to harden towards native capitalism, which is suspected at best of being lukewarm in its support of the national movement and at worst of collaborating with the enemy outside. These experiences incline the nationalist élites, when they have obtained political power, to think in terms of techniques that enable them to continue the struggle against the foreigner in the form of a struggle for economic development. The result is an emphasis on the public undertaking, a preference for centralised supervision of production, and suspicion with regard to private capitalism, particularly when it is of foreign origin.<sup>2</sup> It is true that this doctrine of “national socialism” is not always very firmly established: for example it has been observed that the Latin American ideologies are rather in the nature of “protoforms”, which have never been able to develop into clearly defined ideas.<sup>3</sup> However this may be, the politicising<sup>4</sup> of the trade union movement in the developing countries gives it certain very definite characteristics. “... The predominantly negative habit of trade unions in western countries, in which the bitterness of the long struggles of the industrial bad days has hardened and where labour governments only have power for short periods and an opposition mentality has therefore become habitual, can become dangerously inappropriate in new countries where governments of working-class outlook are in power.”<sup>5</sup>

Yet it is probable that these favourable factors will be found more often as the societies in question become less differentiated or approach national independence. Subsequently, numerous problems are bound to arise, leading perhaps towards another type of participation and in

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<sup>1</sup> L. S. SENGHOR: *Nation et voie africaine du socialisme* (Paris, Editions Présence africaine, 1965); J. K. NYERERE: *Ujamaa, the basis of African socialism* (Dar es Salaam, Apr. 1962); K. NKRUMAH: *Africa must unite* (London, Heinemann, 1965).

<sup>2</sup> See HANSON, op. cit., pp. 18-19.

<sup>3</sup> See J. MEDINA ECHAVARRÍA: *El desarrollo social de América Latina en la postguerra* (United Nations, Economic Commission for Latin America, document E/CN. 12/660).

<sup>4</sup> See B. H. MILLEN: *The political role of labor in developing countries* (Washington, Brookings Institution, 1963).

<sup>5</sup> *Role of trade unions in securing social change*, paper prepared for the annual conference (October 1965) of the Singapore National Trades Union Congress and published in *Economic and Social Bulletin* (Brussels, I.C.F.T.U.), Vol. XIV, No. 1, Jan. 1966, p. 18.

any case forcing the observer to ask a number of basic questions including the following:

... What must be the relationship between the political and trade union movements? The ideal is that the two movements each in full freedom should reach an agreement to which both can give full-hearted loyalty in word and dedication and deed. But where there is no established national tradition to keep differences within national bounds, where personal, tribal or communal, and ideological interests diverge, where élite ability is scarce, where the organised democratic dialogue of public debate is considered as a waste of abilities and as hostile to action, and not a necessary preliminary to action, this ideal of freely negotiated and lasting agreement cannot be realised without great difficulty, if at all. ... Can new countries afford conflict between the political and trade union leadership? If not, can agreement be reached by compromise and consultation between separate organisations, the primacy of the political movement being accepted, or must the trade union movement become a disciplined subordinate of political movement? These are urgent questions of practice. ... <sup>1</sup>

### Conclusion

It is valuable, indeed practicable, but it raises many problems: this is the impression one is left with at the end of this brief study of participation by employers' and workers' organisations in economic and social planning in the developing countries.

The various factors discussed show that a change in outlook, though it may not be the essential preliminary condition, does appear to be a necessary condition if participation is to increase in scope and effectiveness.

The change in outlook calls first of all for a full recognition of the other partners by each occupational organisation; this is an essential preliminary to any genuine social dialogue. Furthermore, the change implies the acceptance of compromise: "Pluralist democracy consists essentially in the political acceptance of the social reality as a complex of highly diverse groups, each with its individual interests and therefore prone to conflicts and disputes with the other groups, but all complying with a common standard so as to seek the most fitting agreement and compromise. ... " <sup>2</sup>

At this borderline between morals and politics, however, it is difficult to make definite proposals that would question the values belonging to each society. At the very most, it may be observed that if a valid attempt at development and realistic planning "can be conceived only in a decentralised and democratic framework, firmly based on the basic social groups and involving effective forms of social participation, where the decisive criterion of choice is the will and the capacity of those concerned to carry out the development projects or programmes adopted " <sup>3</sup>, then

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<sup>1</sup> Ibid.

<sup>2</sup> J. MEDINA ECHAVARRÍA: "A sociologist's view", in *Social aspects of economic development in Latin America*, Vol. II (Paris, U.N.E.S.C.O., 1963), pp. 127-128.

<sup>3</sup> See R. F. BEHRENDT: *Soziale Strategie für Entwicklungsländer* (Frankfurt-am-Main, Fischer Verlag, 1965).



democratic planning calls for a genuine education of the citizen and perhaps, in the last resort, a transformation of man.<sup>1</sup>

The participation of employers' and workers' organisations in planning, lying between comparatively narrow limits constituting a possible source of conflict and therefore requiring, if it is to be more effective, certain modifications, leads the analyst to carry out an observation and to point to a ray of hope. The most elementary observation shows, in fact, that "the conduct of economic affairs is a mixture of exchange and power, of struggle and co-operation"<sup>2</sup>; yet it leaves room for a certain hope, namely that the choices implied in economic and social planning, which are very often the locus of social confrontation, may one day become the locus of co-operation and genuine social dialogue.

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<sup>1</sup> See H. HOURIOU: *Cahiers de la République* (Paris), June 1962, p. 484.

<sup>2</sup> F. PERROUX: "Introduction: La science économique", in *L'encyclopédie française*, Vol. IX (Paris, Larousse, 1960), p. 9.04.9.

# Circular Migration and the Growth of Towns in East Africa

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FOR MANY PEOPLE the process of economic development conjures up a picture of peasant families—once prosperous—leaving their villages in stark poverty to stream into the towns, there to man new industries and so become transformed into a new urban working class. This is what is often said to have happened in England and elsewhere in Europe in the eighteenth and nineteenth centuries, and it is tacitly assumed that in Africa history must repeat itself. But in East Africa the evidence points to a more complicated process. Not only has a great deal of economic development already been accomplished by an expansion of agriculture, often by adding new cash crops to the subsistence crops grown on small “peasant” farms, but the growth of towns itself has been different in character. Part of the urban populations in East Africa and elsewhere in the continent consists of people who continue to have close connections with their villages of origin, to which they may ultimately return. Combined with the familiar pattern of migration, all in one direction, there is another and important movement back to the countryside. Despite growing numbers who regard the town as their permanent home a significant part of the population continues to be born and buried in the villages. These people go to the towns to earn a living, but only a few remain town-dwellers all their lives. This fact has important policy implications for all those concerned with social security and urban growth in Africa.

What follows should be regarded as an “essay”—and it is no more than that—on just one facet of the movement into the towns of East Africa, drawing particularly in the author’s own earlier work in Uganda. It makes no attempt to describe or quantify labour migration as a whole. It is more concerned to suggest ways of looking at the process of urban growth than to document the process in detail. Although the discussion

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is primarily concerned with East Africa reference will be made to studies elsewhere. The process of what will be called *circular migration* has been observed in Central Africa, and recent work by Elliot Berg in West Africa shows that the basic forces there may also be very similar.<sup>1</sup>

### **The growth of towns**

It is sometimes assumed to be almost part of the order of nature that economic development must be associated with the growth of an impoverished urban working class. If, as in East Africa, the great majority of town-dwellers are manifestly *not* permanent inhabitants, cut off from the country, this is said to be a purely temporary phenomenon to be explained either by an excessive attachment to a tribal countryside, which is bound sooner or later to break down, or to the unpleasantness of towns, which looked attractive only from a distance. Everyone has noticed the drift to the towns; the subsequent return to the countryside has received less attention because it does not pose parallel social or economic problems. The growth of towns in East Africa is treated as though it were exactly like the growth of towns in Europe, and especially in Great Britain, a century or more ago.

But even for Great Britain this model of a simple transfer of rural populations into the newly developing towns is something of a myth. In the early nineteenth century it was really only the Irish who moved directly from their country dwellings to the new industrial towns along the western seaboard of England and Scotland, whilst Englishmen tended to move much less directly. The English movement is best described as leap-frogging, in which people in the south left agriculture to work in nearby towns whilst others already there moved to larger towns farther north, and so on until eventually those who went to live in the newly developing industrial towns of northern England were often people with long experience of town life as such.<sup>2</sup> But at any rate it is perfectly true that all these population movements were in one direction, whereas it is essential to notice from the outset that this has not been the case in East Africa, where a circular movement has accompanied the growth of towns. In other words, the distinguishing feature of migration in East Africa and elsewhere in Africa is that, in contrast with England in the early nineteenth century, it has not always involved a permanent withdrawal from the countryside.

This is sometimes obscured by the growth of towns. It is obvious to all that towns in Africa have grown very greatly, especially in the past

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<sup>1</sup> Elliot J. BERG: "The economics of the migrant labour system", in Hilde KUPER (ed.): *Urbanisation and migration in West Africa* (Berkeley and Los Angeles, University of California Press, 1965).

<sup>2</sup> T. S. ASHTON: *The industrial revolution* (London, 1948), p. 123.



20 years<sup>1</sup>, and it has therefore often been taken for granted that this growth has been brought about almost entirely by an increase in permanent town-dwellers. But the growth of towns can take place in many ways: an increase in the number of permanent inhabitants, growing numbers of temporary migrants, or longer stays by migrants. In East Africa the growing number of migrants was probably the main cause of the growth of towns until the late 1950s; but since then the two other causes appear to have predominated. Recent investigations suggest that the period spent in town has been getting longer<sup>2</sup>, but there is nothing to indicate that there has been any basic change in the pattern of circular migration. The permanent inhabitants are characteristically of two types: those in the coastal towns such as Mombasa or Dar es Salaam, which have long had a nucleus of settled town-dwellers—Arab, Swahili or Zaramu—and, second, the established workers whose landholdings are within easy reach of town. In Kampala and Jinja my earlier study revealed that those who remained much longer in employment tended to be Baganda or Basoga who had smallholdings within cycling distance of the towns (now of course the distance is extended, since many have scooters or other motorised transport) and were thus able to combine some farming with wage employment without migrating from home.<sup>3</sup> The proportion of settled urban immigrants who have severed ties with the country—"committed town-dwellers"—is difficult to determine. Clearly a town that has had less than 30 years of rapid growth will be inhabited predominantly by first-generation immigrants and it is easy to infer from this that as time passes the proportion of second- and third-generation inhabitants will increase dramatically. As a corollary, circular movement is seen as a feature of transition, which will quickly disappear. However, the rapid growth of towns, such as has occurred in East and Central Africa, is also compatible with continued circular migration, and the possibility of its persistence should be taken into account in planning for urban development.

To sum up, then, the typical pattern of migration in East Africa includes a circular movement. A significant proportion of workers do not move permanently but only for a time, so that the very word "worker" may be misleading since many of those who work for wages do so only for a limited part of their lives and continue to have homes in the countryside even during the period when they are urban wage earners.

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<sup>1</sup> See United Nations: *Report on the world social situation* (New York, 1957), p. 145; and William A. HAUNCE: *Geography of modern Africa* (London, Columbia University Press, 1964), p. 54.

<sup>2</sup> See United Nations, Economic Commission for Africa: *Social factors affecting labour stability in Uganda* (document E/CN.14/SDP/20, 8 Oct. 1963); and Ministry of Economic Affairs and Development Planning, Tanzania: *Labour force survey* (mimeographed, Jan. 1966), p. 108.

<sup>3</sup> Walter ELKAN: *Migrants and proletarians: urban labour in the economic development of Uganda* (London, Oxford University Press, 1960).

It may therefore also be misleading to think of urban wage earners as constituting a "working class".

### **Explanations of circular migration**

Over the years a number of explanations of circular migration have been put forward. Each may have been true in relation to a given time or place but none is wholly satisfactory today. Some of the more widespread are considered in the following paragraphs.

First, it has sometimes been said that the reason why men come to the towns is that a spell of work away from home has become a kind of initiation rite. The supporters of the argument assumed that Africans had a preference for rural life, which was imagined to be a life of indolence interrupted only by the need for initiation. In the past, it was said, young men proved their strength in battle to show that they were fit to marry; now that inter-tribal wars were no longer, they spent a period at work away from home to prove their manhood.<sup>1</sup> Professor Clyde Mitchell has also suggested that "in many tribes a trip to the towns has become a recognised symbol of boys becoming men".<sup>2</sup> If "initiation" is the object of migration in search of work, one would not expect the movement to be anything other than circular. Initiation could hardly, however, account for more than a very small part of the movement today.

Another type of explanation focuses attention on the occasional need to save, and the difficulty of doing so at home because of the demands made on people by their extended families. It is said that the only way to keep the money they earn for themselves without being obliged to share it with their relations is to leave home until they have saved the appropriate sum. No doubt there have been, and are, instances where employment at a distance is preferred to work nearer home for that very reason. Most African societies are built around extended rather than nuclear families and this places on Africans both the advantages and obligations of an extended network of kinship relations. The difference between African and western societies in this respect has probably been exaggerated, and recent sociological studies in England show that there too, for many working people, kinship obligations stretch well beyond the nuclear family.<sup>3</sup> But in any case, important as the desire to escape kinship obligations may be as a possible motive for seeking work away from home, it is unlikely to be the sole explanation for circular migration.

These explanations, couched in terms of initiation rites and the peculiarities of extended family systems, emphasise non-economic factors.

<sup>1</sup> I. SCHAPERA: *Migrant labour and tribal life; a study of conditions in the Bechuanaland Protectorate* (London, 1947), pp. 116-117.

<sup>2</sup> J. C. MITCHELL: "Labour and population movements in Central Africa", in K. N. BARBOUR and R. M. PROTHERO (eds.): *Essays on African population* (London, 1961), p. 237.

<sup>3</sup> See, for instance, M. YOUNG and P. WILLMOTT: *Family and kinship in East London* (London, 1959).

Most recent studies of labour migration have, however, laid stress on straightforward economic factors of one kind or another; but even so the explanations differ greatly from one another. For one thing, over time, much has changed. Thus there is no reason to doubt that in the early part of this century one major reason why Africans went to seek wage employment was that this was the only way in which they could earn the hut or poll taxes imposed on them by governments. Indeed these very taxes were sometimes imposed in order to encourage people to enter paid employment.<sup>1</sup> Where this was the motive for seeking a job, the explanation of why people did not move permanently is only too obvious. As soon as enough had been earned to pay the tax they went back home. Later other motives for seeking employment were added to this basic one. People wanted to buy clothes and other consumer goods and in order to do so they were often obliged to find a job because this was the only, or at any rate the most advantageous, way for them to earn the necessary money. Where the objectives of employment were so clearly defined, people were often spoken of as "target workers", and again the explanation why they were target workers or why migration to work was only temporary was part of the very reason for this type of movement. It was said that Africans had only limited wants; once satisfied, there was no longer any reason for continuing in employment, so they returned home. The targets gradually became bigger and more diverse. To clothes were added sewing machines and later bicycles. Today wants are no longer limited in this way, but there is one modern version of the target worker. This is the young man who works to save enough capital to set up as a farmer sooner than he could by waiting for the normal processes of inheritance.<sup>2</sup> This was tremendously important in the 1950s, when the income to be earned from growing cash crops, especially in Uganda, was much greater than that to be derived from unskilled or semi-skilled work in towns, but since then a rapid rise in urban wages and a simultaneous decline in the prices of the primary products grown by small cultivators has turned the tables, and consequently this reason for moving to and from the towns is no longer so important.

### **The conditions of employment**

The explanations for circular migration that have been considered so far have been couched in terms of the motives that impel people to seek

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<sup>1</sup> P. POWESLAND: *Economic policy and labour*, East African Studies No. 10 (Kampala, 1957). See also Elliot J. BERG: "The development of a labour force in sub-Saharan Africa", in *Economic Development and Cultural Change* (Chicago, Illinois), Vol. XIII, No. 4, July 1965, pp. 403-405.

<sup>2</sup> See A. I. RICHARDS (ed.): *Economic development and tribal change* (Cambridge, Heffer, 1954), p. 213, for evidence that "in peasant economies a man requires the greatest capital outlay in youth".



employment. Perhaps the most widespread explanation and the one for which most evidence has been assembled looks rather at the conditions of employment. Defined in the widest sense, these include wages, housing, and provision against ill-health, unemployment and old age; and conditions in this sense are said to make it impossible for most Africans to contemplate a permanent shift from village to wage employment in mine, plantation, or town. In the Republic of South Africa it is, of course, deliberate policy to prevent Africans from settling in the towns. But in East Africa this has not been the case for many years and any impediments to permanent settlement are certainly not the result of deliberate government action.

It is, however, frequently said that the reason why few people settled permanently in towns is a result of policy in another sense: governments have been blamed for not making the necessary provisions to enable people to become permanent wage earners.<sup>1</sup>

It is averred that the conditions of work are geared to the needs of young bachelors. Wages are said to be barely sufficient to support a single man, let alone a family. Workers are not insured against unemployment, sickness or even accident and, although some employers have a provident fund, the proceeds from it, even after a lifetime of service, would not be sufficient, by themselves, to support a man and his wife in old age. In contrast the rural areas still provide a measure of social security, both by the widespread distribution of land and by the network of social relations, which places an obligation on those whose age and health permit, to maintain those who are less lucky. However, even in 1955 the East African Royal Commission pointed out that the security provided by tribal areas was becoming steadily less. This is true both in absolute terms, as population pressure on the land that provides the security increases, and relatively, in the sense that as urban standards of living rise, so the "security" of the villages appears progressively less adequate. Nevertheless, for the moment the rural areas in most parts of Africa still provide a kind of cushion which has hardly begun to exist in the towns, and severe shortage of land is fortunately rare.

While it is true that employment conditions in the towns are far from attractive, excessive emphasis on this aspect is liable to obscure the important fact that for many workers their wage is only part of their total family income. The latter must include, besides the wage, any income that accrues in the countryside, for example the subsistence and perhaps even cash income from farming. E. H. Winter found that amongst the Bwamba of Western Uganda families maximised their incomes when the head of the household was away working for wages and wives and

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<sup>1</sup> See I.L.O.: *African labour survey*, Studies and Reports, New Series, No. 48 (Geneva, 1958), p. 152, and also J. VAN VELSEN: "Labour migration as a positive factor in the continuity of Tonga tribal society", in Aidan SOUTHAL (ed.): *Social change in modern Africa* (Manchester University Press, 1961).

relatives continued farming.<sup>1</sup> Under these conditions, however highly paid a man may be in employment, there is no obvious advantage in giving up the other part of his income, provided by his farm. If this is the case, then clearly the size of the wage plus fringe benefits may be largely irrelevant to a worker's decision ultimately to return home. There must, of course, come a point when a man's rural income is so small a proportion of his total income that he is prepared to sacrifice it without compensation for the sake of having his family in town with him. At what point this is likely to happen no one can at present say because no data on the rural income of urban employees exist, but it will clearly vary according to the agricultural potential of the worker's home area.

Two types of explanation of why people do not remain permanently in employment have been considered. The first, the idea that Africans have only limited wants, may indeed have been true at one time but finds virtually no support in contemporary evidence. Most of this evidence points to a normal supply curve of effort. Thus farmers have responded positively to increased opportunities to earn incomes from farming, and where the supply curve of labour to industry has been carefully investigated the evidence has suggested a normal, positive relationship. The notion of the quickly backward-bending supply curve of effort has been largely discredited in the writings of those who have given time to careful study.<sup>2</sup>

At the same time there is a growing support for the argument that inadequate wages and unsatisfactory conditions of employment are the true explanations of the failure to settle in towns. There is evidence that as these conditions improve larger numbers are in fact leaving their villages for good. Wages have increased very considerably, especially for unskilled work, in most parts of East and Central Africa during the past decade, but it is easier to quote figures of the increase than to construct a satisfactory index of the degree of permanence in employment.<sup>3</sup> In Kampala the latest annual inquiry into the patterns of income and expenditure of unskilled workers shows that the proportion of unskilled wage earners who have dependent wives and children living with them has risen from 27 per cent. in 1957 to 43 per cent. in 1964, which may be taken as an indication of greater stability.<sup>4</sup> There also appears to have been a decline in labour turnover in secondary industries in some towns,

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<sup>1</sup> E. H. WINTER: *Bwamba economy*, East African Studies No. 5 (Kampala, 1955).

<sup>2</sup> See Elliot J. BERG: "Backward-sloping labour supply functions in dual economies—the Africa case", in *Quarterly Journal of Economics* (Cambridge, Massachusetts), Vol. LXXV, No. 3, Aug. 1961, pp. 468-492; and S. Daniel NEUMARK: "Economic development and economic incentives", in *South African Journal of Economics* (Johannesburg), Vol. 26, No. 1, Mar. 1958, pp. 55-63.

<sup>3</sup> ELKAN: *Migrants and proletarians*... , op. cit., p. 4.

<sup>4</sup> Uganda Protectorate: *The patterns of income, expenditure and consumption of African unskilled workers in Kampala, February, 1957* (East African Statistical Department, Uganda Unit, June 1957), p. 4, table 2; and the corresponding survey for 1964.

but the evidence for urban employment as a whole either does not exist or is ambiguous.<sup>1</sup> In one case the increase in the average length of service resulting from a decline in labour turnover was accompanied by a substantial increase in the proportion of workers from areas near by. This is significant because even ten years ago workers from areas near by had shown a marked propensity to remain longer in employment than migrants from a distance.<sup>2</sup> It is of course possible to argue that these workers are semi-rural rather than truly urban, and in any case it is unwise to generalise from the experience of one firm.

It is important to realise that neither the increase in the number of dependants nor the decline in labour turnover is unequivocal evidence in favour of the growth of the permanent urban population. With the increase in wages more workers can now afford to maintain a wife in town as well as one on their rural farms and they may still return to the country in the end. A more important point is that a reduction in labour turnover can well be caused by greater competition for jobs, and recent trends in employment figures suggest that this is at least part of the explanation. Total employment appears to have reached a plateau and in some instances has actually declined. In all three countries of East Africa total employment was higher in 1960 than in the most recent year for which statistics are available.<sup>3</sup>

At the same time, there is no doubt that higher urban wages combined with the fall in many cash crop prices have tipped the balance in favour of urban life for increasing numbers. For example, in her study of men seeking jobs in Kampala and Jinja, Caroline Hutton found little evidence of the prejudice against farming which is often said to be characteristic of school leavers. What she was told, time and again, is that the attraction of urban employment was not only the much higher income than was to be obtained in agriculture, but also the fact that it was paid regularly each month in contrast with agriculture, where it comes seasonally and is in any case unpredictable owing to the vagaries of weather and world market prices.<sup>4</sup>

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<sup>1</sup> See Commission for Technical Co-operation in Africa South of the Sahara: *Absenteeism and labour turnover*, Joint Project No. 5, Proceedings under Item I of the Agenda of the Sixth Inter-African Labour Conference, Abidjan 1961, and other relevant papers (London, 1962).

<sup>2</sup> Private communication from Dr. Roger Scott concerning employment in the Jinja factory of the East African Tobacco Company, which had been investigated ten years previously and reported upon in Walter ELKAN: *An African labour force*, East African Studies No. 7 (Kampala, 1955).

<sup>3</sup> I.L.O.: *Yearbook of Labour Statistics*, 1966 (Geneva, 1966), p. 288.

<sup>4</sup> Caroline HUTTON: "Aspects of urban unemployment in Uganda", in *East African Institute of Social Research Conference Papers, January 1966* (Kampala), Part C, No. 358, pp. 5-7.



## Conclusion

In contrast with the migrants of nineteenth-century England those who move to the growing towns of East Africa are not landless poor. Many continue to enjoy the security of a land holding and the addition to their income that it brings. All the same it is clear that, as conditions in the towns improve, more and more people will feel able to abandon their rural ties. The question is, how far and how fast can such a process go without doing more harm than good to countries like those of East Africa? Resources are scarce and if governments choose to ignore the fact that they have an indigenous social security system, and attempt to provide full-scale services in towns, there is no doubt that increasing numbers will want to settle permanently in the towns. The cost will, however, be great. If the number of jobs does not grow as fast as the number wanting to settle in the towns, urban unemployment will grow. Improving urban conditions does not create additional employment, but if it is financed from funds that might have been used to improve the profitability of agriculture it will merely serve to tilt the balance of advantages still more in favour of working in town as opposed to remaining in agriculture. If instead these funds were used to make agriculture pay more, this would lead to a better balance between new jobs in towns and the demand for them. Meanwhile circular migration, while it lasts, should be seen not as an evil or a concomitant of backwardness but as a process that lowers the cost of development.

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# The Social Rights Enshrined in the Mexican Constitution of 1917

Fernando YLLANES RAMOS <sup>1</sup>

WHEN WE TALK about social rights today we think in the first instance of all the safeguards considered to be desirable to shield the individual from various forms of economic oppression. Unlike the "individual freedoms", which only require a policy of abstention and restraint on the part of authority, social rights can be achieved only through constant, purposeful intervention by the State.

It has rightly been said that individual freedoms thrive best when governments refrain from intervening in social relationships, while social rights are effective only when the State (within the legal framework) both directs and participates in the life of the nation subject to the rule of law, i.e. it is not the master but the servant.

This distinction is the crux of the acute conflict that in modern times dominates the political, economic and social situation in every country. It involves the rejection of the liberal concept of government and adds a clear-cut social element to the political content of democracy.

Since the First World War (1914-18) and the sweeping changes it set in motion it has been widely believed that the first political constitutions in which social rights were formally recognised were those of Russia and Germany.

This new legal and constitutional approach is apparent in the "Declaration of the Working and Exploited Masses", dated 23 January 1918, the Constitution of the Russian Soviet Socialist Republic, dated July of the same year, and the Constitution of the Union of Soviet Socialist Republics of 6 July 1924. These three documents form a whole in their legal and political assumptions and in the structure built on them. To

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<sup>1</sup> Member of the Governing Body of the International Labour Office; principal legal adviser to the Confederation of Mexican Chambers of Industry; member of the Technical Council of the Mexican Institute of Social Security; former President of the Mexican Academy of Labour Law and Social Welfare; member of the Mexican Bar; Professor of Labour Law at the Free School of Law.

understand them demands a knowledge of the two main problems at issue in the new situation: the organisation of class power and the integration of national groups.

The Weimar Constitution of 11 August 1919 was the result of the Revolution of November 1918 and the exercise of *de facto* power from 10 November onwards by the "Council of People's Delegates" (*Rat der Volksbeauftragten*), appointed by the Plenary Assembly of Berlin Workers' and Soldiers' Councils. The constituent National Assembly met in Weimar on 6 February 1919 and the official draft Constitution was, at the Government's request, prepared by Professor Hugo Preuss, then Under-Secretary of State and later Minister of the Interior. This was amended in drafts II and III, and finally the Assembly adopted draft IV, which contained a chapter on the "fundamental rights of the German people" setting forth the new political doctrine of social rights, which now became part of the country's positive law.

There is no link between these Russian and German Constitutions and the Mexican Constitution of 1917, despite the fact that it was their predecessor in terms of time and content. Mexico was far away in Latin America with its unstable political institutions and permanent state of civil war. It is also fair to add that the social rights embodied in the Mexican Constitution of 1917 had no influence on Part XIII of the Versailles Treaty, which marked the establishment of the International Labour Organisation. Nor did it have any effect on the first international labour Conventions on the eight-hour working day, maternity protection, night work by women and young persons and the minimum age in industry, which were adopted by the First Session of the International Labour Conference in Washington in 1919. The papers prepared for this Conference analysed the law and practice of various countries on these subjects but ignored Mexico, as the author has ascertained personally by going through the original files.

It was only from 1930 onwards that the Mexican Constitution began to exercise an influence on European constitutions and subsequently left its mark on the Universal Declaration of Human Rights (articles 23 and others) approved by the United Nations General Assembly on 10 December 1948.

To conclude this short historical account, the following are the American countries whose constitutions contain declarations of social rights on the same lines as the Mexican: Uruguay, 1932; Peru, 1933; Brazil, 1934; Colombia, 1936; El Salvador and Nicaragua, 1939; Panama and Cuba, 1940; Bolivia, 1945; Ecuador, 1946; Venezuela, 1947; Costa Rica and Argentina, 1949; Guatemala, 1954; Honduras, 1957; and the Dominican Republic, 1960.

However, the Mexican Constitution could not have influenced the Soviet or Weimar Constitutions, mentioned earlier, even though it coincided with them, because Mexico had no contacts with either Germany



or Russia at the time; on the other hand these three constitutions in turn exercised an influence on subsequent European constitutions. It is worth noting that B. Mirkin-Guetzevich in his book on modern trends in constitutional law<sup>1</sup>, when analysing the origins of the new constitutions resulting from the revolutions of 1918-19 (all of them immediately due to the war and occurring in countries which had been socially, economically and politically exhausted, which had suffered political or foreign oppression, which lacked experience of democracy, and the most exhausted of which were naturally inclined to listen to voices urging social vengeance and destruction), regards the Weimar Constitution as the source of the practice of including social rights in constitutions. Only in passing does he say "merely for reference purposes some mention should be made of the Mexican Declaration. This constitutional instrument, adopted on 31 January 1917, imposes major restrictions on property and in its social scope exceeds the European constitutions. But it is obvious that, owing to political upheavals in Mexico, it does not possess the same significance as its European counterparts".

This author declares that "in the preparation of the new constitutions, a great part was played by legal science, although these instruments were the outcome of various political compromises between the parties. . . . The legal theorists exercised their influence in many countries by endeavouring to draft texts that reflected the most up-to-date doctrines. In Germany, for example, the Constitution was mainly due to Preuss, while in Austria it was due to an eminent authority on public law, Hans Kelsen. . . ." He then goes on to cite the first European countries to embody social rights in their constitutions: Germany (11 August 1919), Danzig (11 May 1920), Estonia (5 June 1920), Poland (17 March 1921), Rumania (28 March 1923), Yugoslavia (Constitution of the Kingdom of the Serbs, Croats and Slovenes of 28 June 1921).

This statement, however, does not apply to the Mexican Constitution of 1917; as we shall see later, its declaration of social rights was not drafted or inspired by individual lawyers or sociologists.

### **Social rights and revolution**

Economic and social rights, which are concerned with well-being and justice, were recognised at the same time as the traditional freedoms in the Mexican Constitution; without any specific doctrine to inspire it or any foreign experience to serve as an example, it nevertheless found the right answer required by the special character of the Mexican Revolution and traced out the path best suited to our own circumstances because its authors grasped the need to incorporate a genuine social content. But

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<sup>1</sup> B. MIRKIN-GUETZEVICH: *Modernas tendencias del derecho constitucional* (Madrid, Editorial Reus, 1934).

in solving this Mexican problem it also, and for the first time in the world's history, set forth a number of universal principles which were subsequently followed in the great majority of constitutions. The philosophical principles underlying these social rights are based on respect for freedom and the achievement of justice. These rights are complementary and derive from the fundamental nature of man himself; just as he demands respect for his freedom, he also needs a certain standard of material well-being to make use of this freedom and preserve his own dignity. Mere material well-being without freedom is nothing less than slavery and runs counter to the whole concept of the dignity of man, which can never be valued in material terms alone.

Of course, this freedom and the equality it implies can never refer to the actual condition of man but only to the rights of men. In other words, social rights must acknowledge natural inequalities but these must never be accentuated by unequal rights. This in turn makes it necessary for the State to intervene through the machinery of the law in order to prevent abuse of power. The effective scope of social rights depends therefore on the degree of responsibility assigned to the State for ensuring that the social rights are in fact exercised. While it is certain that these rights—like individual freedoms—can be regarded as inherent in human nature they have the distinctive feature that they require positive intervention by the State if they are to be achieved in practice. It follows that the contents of social rights must reflect the political and social concepts underlying the law.

Sociologists point out the importance of legal institutions in the social order and define social change as any non-recurring alteration in the established pattern of conduct of a society; in other words, it is a change in the nature of peoples' relationships with each other and not a change in values or technology. Social change may be revolutionary or orderly as a result of the conscious or unconscious efforts of individuals to solve social problems through collective action.

The right to revolution is the inalienable right of the community in exceptional circumstances to ensure that the national life follows its normal course. This is the natural end of political action and the foundation of justice. But, especially in its violent form, it is an "exceptional right" reflecting the abnormal state of affairs that set off the revolutionary reaction in the first place. The entire community must be affected by the situation: if the revolution does not arise out of a "national situation" it cannot be just. If it arises out of a problem affecting only a limited group or interest it is nothing short of crime. It follows that a "general revolution" is by definition legitimate. It is a right belonging to the whole community and both the situation causing it and the reaction against this situation must be general in character. The ultimate purpose of the right of revolution and the legal justification for it is the restoration of national life to normal.

### **The Mexican Revolution (1910-16)**

This Revolution was made “from above”, in that its ideas were contributed by various thinkers, politicians, leaders of the opposition and ultimately the revolutionary leaders themselves, and “from below”, when the people burst out into spontaneous rebellion in a number of places. The Revolution answered certain deep-seated aspirations by carrying out sweeping changes in the country’s political, social and economic institutions.

In order to grasp the meaning and nature of the Mexican Revolution it is essential to know something about the “political plan”, which is much more than a proclamation or manifesto.

In Mexico, which has been independent since 1821, each rebellion has had its own political plan with its distinctive characteristics. In addition to being a declaration of intentions it is also a justification or an attempted justification for the bloody adventure on which the rebel or revolutionary is embarking. The plan therefore begins by severely condemning the system that it is proposed to overthrow. It goes on to give a number of undertakings designed to win over public opinion, which are necessary if the revolution is to be successful. And it concludes by giving reasons for confidence in ultimate victory and with it the achievement of its ideals and the reward of all the efforts.

The themes, although simple, have been explosive and more than once have summed up in a few words the movements, programmes, projects and ambitions involved. “Fatherland and Freedom”, “Religion and Traditional Rights”, “The Right to Vote and No Re-election”, “Land and Liberty” have all at one time or another set Mexico aflame and are good examples of the right way to win over the masses, for a political plan must be aimed at the majority and fails unless it can move men in their thousands. It can only incur contempt or lead to indifference if it fails to stir men to take up arms to carry it out.<sup>1</sup>

A political plan is a declaration of hostility. It presupposes a state of crisis. It has also, however, at various times served as the first step to institutional changes in Mexico, because as a rule it contains proposals for new legislation to sweep away the obsolete or inadequate features of the existing system. Revolutions in Mexico go through three stages: the destructive stage (violent fighting between the supporters of the existing régime and partisans of the new ideas as well as fighting among the revolutionaries themselves); the transitional stage (the establishment of the new ideas and the passing of fundamental and subordinate legislation to carry out the change); and the constructive stage (involving the launching of large numbers of schemes and projects of all kinds). These three stages, however, tend to take place simultaneously rather than in succession.

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<sup>1</sup> From notes by the historian Manuel GONZÁLEZ RAMÍREZ.



In order to have an adequate picture of the constitutional changes that took place in 1917 and the significance of the Declaration of Social Rights adopted by the Constituent Assembly at Querétaro, it is necessary to trace these ideas back to the Mexican Revolution of 1910 and the circumstances leading up to it—the desperate poverty prevailing in the country and the urgent need for state intervention to give the people economic security and conditions compatible with human dignity. Our Constitution cannot be regarded as an isolated phenomenon which unexpectedly burst upon the scene of our national life. It was the product and the consequence of the Revolution.

It has mistakenly been said that the inclusion of the Declaration of Social Rights in the Constitution of 1917 was fortuitous and that it was the offspring of legal ignorance and arrogance on the part of the members of the Assembly, intoxicated with the idea of being the supreme power within the State. These assertions have few supporters; although the evolution of ideas, the psychological pressures and the operation of the forces and sociological principles that inspired the delegates are not fully known, these men had no option but to take their ideas to their logical conclusion, because as Mexicans they were conscious of the need to include social rights in the Constitution if the dignity of man was to be safeguarded and adequate protection provided, making the State the servant of the citizen.

It is not necessary to go back very far to find the source of these principles adopted by the delegates at the Constituent Assembly, who demonstrated their political insight and social conscience by breaking the rigid framework of the traditional constitutions and creating new precedents.

The Federal Constitution of 1857 conformed to the classical pattern at the time. The first part was divided into sections dealing with the rights of man, of Mexicans, of foreigners and of Mexican nationals; the second part dealt with the question of national sovereignty and the form of government, together with the composition of the Federation and the subdivisions of the national territory; and the third part dealt with the division of powers, with sections on the legislature, the executive and the judiciary. There were further parts dealing with the powers of the federal states, general matters, amendments to the Constitution, together with certain “transitional provisions”. It was a classic example of a Constitution of those times, imbued with the liberal thought and legal positivism of the period.

This Constitution was warmly received and was issued to the nation in an eloquent government manifesto, published by President Ignacio Comonfort on 4 March 1857. But within a few months it was ignored. Its clauses were set aside not only during the so-called Empire of Maximilian, but afterwards as well—especially during the dictatorship of Porfirio Díaz.

The 1857 Constitution was amended to such an extent that by 1910 five of the 29 articles in Part I and 49 out of the total of 128 articles in the Constitution had been amended.

At the end of the nineteenth century and during the first decade of the twentieth, Mexico was under a one-man dictatorship, which lasted for 30 years. The President not only appointed the members of his own cabinet but also in practice nominated the members of the Supreme Court and the Chambers of Deputies and Senators; he likewise appointed the governors of the individual states while at the same time maintaining the fiction of their popular election. But the people had become apathetic and did not exercise their political rights in accordance with the 1857 Constitution.

The inequality in the distribution of wealth and the poverty of the peasants and workers—and, indeed, of any Mexican who did not belong to the tiny privileged class—finally led to a revolution of which the outcome was the 1917 Constitution with its Declaration of Social Rights.

### **Political plans foreshadowing the Constitution of 1917**

The main political plans referred to earlier, which foreshadowed the inclusion of social rights in the 1917 Constitution, can be summarised as follows:

1. The programme of the Liberal Party published in St. Louis, Missouri, on 1 July 1906 by the Mexicans in exile, with the theme “Reform, Liberty and Justice”. The following excerpt is taken from the introduction:

... The points included in this programme are not and cannot be anything other than general principles for the establishment of a genuinely democratic system of government. They reflect the main desires of the people and are designed to meet the most serious and urgent needs of our country. . . . A Government which is concerned with the well-being of the people as a whole cannot remain indifferent to the vital question of labour. Because the dictatorship of Porfirio Díaz made the government the servant of all the exploiters of the people, the Mexican worker has been reduced to a condition of the utmost poverty; no matter where he looks for employment, he is compelled to labour long hours for a wage of a few centavos a day. The all-powerful capitalist is in a position to dictate working conditions which are invariably appalling; but a worker is bound to accept them—for two reasons: firstly, because poverty forces him to work for any wage and, secondly, because if he rebels against the exactions of the wealthy, he will be put down by the bayonets of the dictator. A maximum working day of eight hours and a minimum wage of 1 peso is the least that can be expected by any worker if he is to live above the poverty line, if he is not to be exhausted by his labours and if he is to have sufficient leisure and inclination to better or amuse himself. The other points which are suggested for labour legislation are obviously necessary and just. Hygiene in factories, workshops and housing and other places in which workers and their families have to spend long periods; protection of life and limb; the banning of child labour; Sundays off; compensation for injury and pensions for workers who are unable to continue working; the prohibition of the system of fines and discounts; an obligation on employers to pay wages in cash;

cancellation of day labourers' debts; measures to eliminate abuses in the task-work system and safeguards for share-croppers—all these aspects of the labour question in Mexico are in such urgent need of suitable action that their desirability needs no demonstration.

2. The plan issued at San Luis Potosí on 5 October 1910, which, although exclusively political in character, was the spark that set off the Revolution and declared uncompromising hostility towards the dictatorship—its whole system and legislative structure.

3. The social and political plan issued by the states of Guerrero, Mochoacán, Tlaxcala, Campeche, Puebla and the Federal District in the Guerrero Mountains on 18 March 1911, with the slogan “Down with Dictatorship. The Right to Vote and No Re-election.” This plan contained the following points:

... Wages will be raised for workers of both sexes, both in the countryside and in the towns, in line with the yield of capital, to which end special committees will be appointed to decide matters in the light of circumstances. ... Hours of work shall not be less than eight or more than nine a day. ... Foreign firms in Mexico must employ at least 50 per cent. of Mexican nationals in both junior and senior posts and at the same scales of pay and with the same benefits as their own nationals. ... All monopolies of whatever kind will be abolished.

4. The Ayala Plan issued on 28 November 1911 under the slogan “Justice and Law” and making the emotional appeal: “People of Mexico, take up arms to enforce this plan and so ensure the prosperity and well-being of our Fatherland.” One point is worth quoting from this plan:

The great majority of Mexican villagers and town dwellers no longer own the land they tread and suffer harsh poverty without being able to better their lot or to engage in industry or agriculture, because the land, the hills and the rivers are all monopolised by a few people. These powerful landowners will be expropriated and compensated at the rate of one-third of the value of their assets. In consequence, the villagers and town dwellers of Mexico will be granted land for their settlements and holdings and it will be possible to put an end to the lack of prosperity and well-being which now afflicts the Mexican people.

5. The pact signed at a meat packing plant in Chihuahua on 9 March 1912. This made the following proposals:

... In order to better the lot of the working class, the following measures will be taken immediately: ... Company stores and the system of vouchers and pay books will be abolished. ... Workers' wages will be paid in cash. ... Hours of work will be reduced to a maximum of ten a day for day workers and 12 for task workers. ... Children under the age of 10 will not be allowed to work in factories and those between the ages of 10 and 16 may only work for six hours a day. ... Wages will be increased having due regard to the interests of capital and labour so as to prevent any economic conflict that may harm the country's industrial development. ... Factory owners will be required to provide their workers with hygienic conditions in which their health will not be endangered.

6. The plan published in Guadalupe on 26 March 1913. This was of major importance because, although its contents were wholly political,



it marked the establishment of the Constitutionalist Army with the aim of enforcing the Constitution of 1857.

7. The programme of political and social reforms approved by the supreme revolutionary convention held in Jojutla in the state of Morelos on 18 April 1916 under the slogan "Reform, Liberty, Justice and Law". This programme also dealt with the working-class question, as the following extracts show:

*Article 6.* We shall fight against the poverty and exhaustion of the working class by means of such social and economic reforms as the establishment of a suitable system of education, the passing of legislation on workmen's compensation and retirement pensions, the regulation of hours of work, the enforcement of health and safety standards in workshops, factories and mines and, in general, legislation to ease the lot of the proletariat.

*Article 7.* We shall give legal recognition to workers' unions and associations so that employers and capitalists will have to deal with strong, well-organised bodies and not with individual, defenceless workers.

*Article 8.* We shall give workers the necessary powers by granting them the right to strike and organise boycotts.

*Article 9.* We shall abolish company stores and the system of payment by vouchers throughout Mexico.

Independently of these plans a considerable body of legislation on labour matters was published in various parts of the country while the Revolution was proceeding. This included decrees on such matters as compulsory weekly rest and maximum daily hours of work, abolition of the debts of farm labourers, minimum wages and workmen's compensation, as well as labour Acts in a number of states.

The spate of legislation during the revolutionary period shows how far the governors and other leaders of the states controlled by the revolutionary forces were conscious of the social problem. This accounted for the passing of legislation in a number of states and helped to lend a note of urgency to the extension of state protection to the working classes.

### **The Constitution of 1917**

Venustiano Carranza, the leader of the Constitutionalist Army, fought his campaign from start to finish for a return to the Constitution of 1857, but together with his closest supporters he was forced to the conclusion that this Constitution (which had been reformed or amended 54 times during its precarious life and had, in any case, been ignored or flouted most of the time) needed fundamental changes, and that the country should, in fact, be given a new Constitution. With considerable audacity—since it involved challenging the cause of the revolution itself and the whole basis of its legality—he called a Constituent Assembly, which met on 1 December 1916 in the City of Querétaro (because it was

there that in 1867, virtually half a century before, the Government of the Republic had triumphed over the so-called Empire of Maximilian).

Carranza submitted a draft constitution, which followed the traditional liberal, bourgeois, federal, democratic pattern and was to a large extent a copy of the 1857 Constitution, except that the section on the rights of man was replaced by one on individual guarantees on the model of the French Revolution and the Constitution of the United States. This chapter on personal freedoms was designed to constitute a bulwark against authority, which was bound to respect these rights, or individual guarantees as they had now become.

The draft included the following articles:

*Article 4.* No person may be prevented from engaging in the profession, industrial or commercial pursuit or occupation of his choice provided it is lawful. The exercise of this liberty shall only be forbidden by judicial order when the rights of third parties are infringed or by administrative order issued in the manner provided by law when the rights of society are violated. No one may be deprived of the fruits of his labour except by judicial decision. The law in each state shall determine the professions that may be practised only with a degree and shall set forth the requirements for obtaining it and the authorities empowered to award it.

*Article 5.* No one may be compelled to render personal services without due remuneration and without his full consent excepting labour imposed as a penalty by the judiciary. The law shall punish vagrancy and determine those who are guilty of this offence. Only the following public services shall be obligatory subject to the conditions set forth in the respective laws: military service, service in the judiciary for all lawyers in the Republic, jury service and the discharge of the office of municipal councilor and offices of direct or indirect popular election. . . . The State may not permit the execution of any contract, covenant or agreement having for its object the restriction, loss or irrevocable renunciation of the liberty of man, whether for work, education or religious vows. The law, therefore, does not permit the establishment of monastic orders, whatever be their denomination or purpose. Likewise no person may legally agree to his own exile or to the temporary or permanent renunciation of the exercise of a given profession or industrial or commercial pursuit. A labour contract shall bind the party to render the services agreed on for a period not exceeding one year and in no case may it involve the waiver, loss or restriction of any civil or political right.

Similarly, the chapter dealing with Congress empowered it, in article 73 (X), to pass legislation for the whole country on mining, commerce, credit and labour.

The discussion on article 4 went smoothly enough but when article 5 came up at the memorable session held on 26 December 1916, the rebellion against the existing social situation at last burst forth.

The drafting committee had taken a favourable view of article 5 and had merely added a paragraph stating:

The maximum working day for purposes of compulsory labour shall not exceed eight hours unless there is a judicial sentence to the contrary. Night work in industry by young persons and women is forbidden. The weekly rest is compulsory.

In order to appreciate the atmosphere, it is necessary to know something about the divisions among the 214 deputies who made up the

Constituent Assembly. On the one hand were the deputies known as "reformists", who already had considerable experience because when the dictator Porfirio Díaz went into exile they formed part of the legislature elected at the same time as President Madero (who began the revolution); they fully understood the workings of Parliament and were experts in the art of legalistic manœuvre as well as being very successful debaters. They included some lawyers but only a few of them had any training in constitutional law. On the other hand there was a group of individuals with radical views—workers from the farm and factory, men of the people who had learned in the school of hardship and struggle, and a few skilled workers and others inspired by the vision of achieving something radical and significant; but very few of them had any knowledge of the formal principles of socialism or training in economics or law. In addition to these two clearly defined groups there were a small number of deputies who were there because they were educated men (but with no knowledge of law) while others were simply men of action who had attracted attention in public affairs or who had popular support and knew how to win votes. In point of fact, all these groups shared the same ideal—to translate the Revolution into law. But while the first group, composed of personal supporters of Carranza, faithfully followed his moderate, liberal, legalistic approach, the second group was unwilling to accept any restraints, its members being determined to take matters to extremes and to pass sweeping new legislation to deal with deep-seated ills.

Discussion of article 5 was fierce. For example one deputy opposed the idea of compulsory service in the judiciary and rejected the paragraph on daily hours of work, arguing that article 4, which had already been approved, guaranteed freedom to work whereas this addition "guaranteed the right not to work".

This argument led to a counter attack by another deputy who said:

... There is a supreme law, which governs all the creatures in nature, and that is the law of evolution. ... This law of evolution is also apparent in the development of constitutions. A constitution should not be a catalogue of human ills and even less should it be a form of national therapy, by which I mean a list of the remedies we need. It should to some extent reflect the trends and aspirations of a society and give guidance for its development. The present Constitution should, therefore, embody the general principles of the constitutionalist revolution, which is not, like the revolutions of Madero or Ayutla, merely an instinctive reaction against tyranny. The constitutionalist revolution is particularly significant in that it is primarily social in character and in consequence entails sweeping changes at all levels. ... The backbone of the constitutional struggle for public freedom has been the working class in the towns and the countryside—this has been the force that has produced this great triumph and it is up to us to interpret its needs and provide its just reward."

The discussion continued on such topics as the eight-hour day and the need to prohibit night work by women and children. Amendments designed to give further protection to labour were put forward and in this connection another deputy spoke as follows:



The lawyers, writers and other authorities on legislation doubtless consider this proposal to be absurd. How can a clause dealing with maximum daily hours of work be included in a constitution? How can such an instrument lay down that no individual may work for more than eight hours a day? According to them this is impossible and this is the type of subject that should be dealt with in detailed regulations. But, gentlemen, what has been the practical outcome of this theory? The outcome has been that our Constitution, which is so liberal, so comprehensive and so good, has, in the words of various experts, been a mere "masqucrade" for the Mexican people because these regulations were never introduced. The general principles were laid down and that was the end of the matter. Afterwards, whose business was it to issue regulations? All governments tend to settle down and to maintain the status quo, leaving it to those who come after them to carry out certain reforms. Consequently, despite the fact that freedom appears to be guaranteed by our national charter it has not, in fact, gone very far and the edifying principles it contains are now little more than historical curiosities. Political freedom, no matter how fine or well-protected it may be, cannot be guaranteed unless economic freedom is guaranteed as well.

A deputy who happened to be a railway worker also attacked the draft version of article 5 on the ground that it did not, in fact, tackle the working-class problem:

... In the proposed constitutional reforms the labour question is only dealt with superficially and it is strange that, in a debate on reforms that purport to be revolutionary, such important public freedoms should be kept as far from us as the stars themselves. This article should be referred back to the committee so that it can define the constitutional principles on which the states should legislate in labour matters. ... I do not think that the committee should confine itself to saying that contracts of employment should be valid for one year and ignore such vital questions as health in mines, factories and workshops. Article 5, in my opinion, should lay the foundations on which labour legislation should be based, covering such points as daily hours of work, minimum wages, weekly rest, hygiene in workshops, factories and mines, collective agreements, the appointment of conciliation and arbitration boards, the prohibition of night work by women and children, workmen's compensation, etc.

When it was argued that it was impossible to include clauses in the Constitution other than those that had traditionally formed part of such political instruments, another deputy declared:

... I do not care in the least whether this Constitution fits the pattern laid down by the legal experts. All of this is for me a matter of indifference—what counts is that there should be adequate safeguards for the workers. What counts is that we should pay due attention to the demands of these men who have taken up arms in our cause and deserve anything we can do to better their lot. Let us not be alarmed, therefore, if our Constitution appears to be somewhat misshapen; let us ignore such minor points and go to the heart of the question. Let us make whatever reforms are needed in the field of labour. Let us give the workers the wages they need. Let us give the workers everything they deserve and ignore everything else as irrelevant.

One of the leading deputies then summed up the general feeling of the Assembly and urged that there should be a special chapter dealing with workers' rights. In this way, he said—

... just as France, in its Revolution, was the first to enshrine the immortal rights of man in a famous declaration, so the Mexican Revolution will have the honour of being the first to embody the sacred rights of the workers in a constitution.

The Chairman of the Committee on Legislation, who had been instructed by Carranza to submit a draft labour code, then made a speech explaining the terms of this legislation, which had been prepared for later approval under the new Constitution.

Two conflicting schools of thought were involved. On the one hand were the legal-minded deputies with their individualistic and liberal ideas, for whom a constitution should merely be a political code on the traditional model, setting forth the rights of man interpreted in a liberal sense as individual guarantees (protected by the law), together with details of the structure of the Federal State in accordance with the classical doctrine of the existence of the three powers—the legislature, the executive, and the judiciary. They argued that “ the Constitution should not be a catalogue of human ills ” and took the line that the law could do nothing to deal with social unrest.

The other school of thought demanded a special chapter on labour questions, which would constitute nothing less than a declaration of social rights. In other words, it rejected the liberal approach and demanded that the State should give protection and intervene where necessary.

In view of the seriousness of the question, the discussion on article 5 was suspended and a committee appointed to examine the problem and with it the whole question of having a chapter or articles dealing with labour questions.

The committee was made up of the deputies who had taken a leading part in the discussion. They included an engineer who was one of the first to advocate an extension of article 5; a general with radical views; two craftsmen who had come into prominence because of their intelligence and honesty; two lawyers who had assisted the government of one of the states that during the Revolution had passed legislation to protect the workers; five soldiers who laid down their arms in order to fight for their ideals in another way; two manual workers who had expressed their views in the discussion of article 5; and another lawyer who was well known for his oratorical powers. In short, they formed a cross-section of the social structure of the Revolution.

On 23 January 1919 the committee submitted to the Assembly the same article 5 as before together with certain additions and a new section entitled “ Labour and Social Security ”, which began as follows:

*Article 123.* The Congress of the Union and the legislatures of the states shall formulate labour laws in accordance with the needs of each region and without contravening the following basic principles, which shall apply to workers, day labourers, domestic servants, artisans and in general to all labour contracts.

This article contained in all 30 paragraphs and was accompanied by a transitional article stating that—

All debts arising out of their employment owed by workers to their employers, their employers' families or intermediaries on the date of entry into force of this Constitution are hereby cancelled.

This draft was discussed on 25 and 26 January and, with some amendments and clarifications, was passed virtually as it stood.

This, then, was the origin of article 123 of the Constitution, which deals with social rights in so far as they affect labour relations. To conclude this article, I should like to add a few comments on their contents (following the classification made by Dr. Mario de la Cueva).

### **Analysis of article 123 of the Constitution**

#### **Individual labour law**

The *maximum working day* is eight hours (seven by night) under all labour contracts (I, II).<sup>1</sup> The labour authorities may prescribe a shorter working day than that stipulated in the contract whenever the nature of the work is such that eight hours' exertion would be too much for a normally fit man (XXVII (a)). Overtime may never exceed three hours a day nor be worked more than three times consecutively. It must be paid at double the normal rate (XI). For every six days of work an individual must have at least one day of rest (IV).

*Minimum wages* are introduced by paragraph VI. Any contract of employment which fixes wages that are not remunerative is null and void, i.e. the wage paid to a worker must be more than a minimum living wage and must be commensurate with the service performed (XXVII (b)).

As regards *wages in general*, they must be paid in money, or legal tender, and may not be paid in goods, promissory notes or any other token intended as a substitute for money (X). The intervals between the payment of wages may not exceed one week in the case of day labourers (XXVII (c)). Payment may not be made in a place of recreation, an inn, a café, tavern, bar or store, except in the case of employees of such establishments (XXVII (d)). Equal wages must be paid for equal work regardless of sex or nationality (VII).

*Protection of wages* is afforded in a number of ways. As regards protection from the employer, any obligation on the part of workers to acquire consumer goods in specified stores or places is forbidden (XXVII (e)), as is the retention of wages in the form of fines (XXVII (f)). A worker's debts to his employer may not be demanded in an amount exceeding his wages for one month (XXIV). A worker's wages are protected against his creditors and also his employer by the exemption of the minimum wage from attachment, compensation or deduction. Lastly, protection against the employer's creditors is afforded by the provision that credits in favour of workers for wages or salaries earned within the last year and for indemnity compensation must have priority over all other obligations in the event of receivership or bankruptcy (XXIII).

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<sup>1</sup> The references in parentheses are to the paragraphs of article 123.



Workers are entitled to *participate in the profits* of any agricultural, commercial, manufacturing or mining enterprise (VI). In fact, this provision covers any employee.

As regards the *protection of women and young persons*, the employment of children under the age of 12 is forbidden, and young persons between the ages of 12 and 16 may not work for more than six hours a day (III). In no circumstances may persons under the age of 16 or women of any age perform overtime (XI). Young persons under the age of 16 and women may not be employed in unhealthy or dangerous work, or by night in industry, and may not work in commercial establishments after ten o'clock at night, although this latter clause is difficult to enforce where women are concerned, especially in hotels, taverns, etc. (II). The following standards are provided for women before and after childbirth: during the three months prior to childbirth they may not perform labour that requires excessive physical effort; in the month following childbirth they must be given a rest, be paid their full wages and retain their employment and the rights acquired under their labour contract; and during the nursing period they must be given two special rest periods of half an hour each day for nursing their children (V). As mentioned earlier, the Constitution prescribes equal wages for equal work regardless of sex (VII).

A number of provisions regarding *dismissal and severance* are designed to give workers job security. An employer may not dismiss a worker without justifiable cause, or because he has entered an association or union, or for having taken part in a lawful strike, and if he does so he is bound to reinstate the worker or compensate him to the amount of three months' wages, whichever the worker prefers. A worker is also entitled to leave his employer's service because of lack of honesty on the latter's part or because he has received bad treatment from him either to his person or to that of his wife, parents, children, brothers or sisters, irrespective of whether this bad treatment is given by the employers' subordinates or members of his family acting with his consent or tolerance; in such cases the worker is also entitled to compensation to the amount of three months' wages (XXII).

### **Collective labour law**

Both employers and workers have the *right to organise* for the defence of their respective interests by forming unions, occupational associations, etc., of any kind (XVI).

There is no specific reference to *collective labour contracts*, but it must be assumed that the Constitution recognises their validity, partly because the introductory paragraph of article 123 can be interpreted in the sense of covering both individual and collective contracts and partly because the primary purpose of exercising the right to organise and to withdraw

labour is to conclude contracts of this type. It would be illogical if the law were to give workers the right to associate and to go on strike but did not allow them to secure collective labour contracts by doing so.

The *right to strike* is also recognised (XVII). In other words, it is no longer simply a *de facto* matter but becomes an official right. Exercise of this right is subject to certain conditions. Strikes are considered to be lawful only if they have as their purpose the attainment of an equilibrium among the various factors of production by harmonising the rights of labour with those of capital; they can be considered illegal only when the majority of strikers engage in acts of violence against persons or property or, in the event of war, when the workers concerned belong to government establishments or services (XVIII). In public services workers must give notice of a strike ten days in advance to the Board of Conciliation and Arbitration as to the date agreed upon for the suspension of work. The right to strike is denied to workers in government munition factories (XVIII).

Some restriction is placed on the right of employers to *lock their workers out* while negotiations are going on (XIX). A lockout is legal only when economic circumstances make it necessary and is subject to two conditions: that an excess of production makes it necessary to suspend work in order to maintain prices at a level with costs, and that it has the prior approval of the Board of Conciliation and Arbitration.

### **Social security, safety and welfare**

The principle of *workmen's compensation* is laid down by making employers liable for employment injuries and occupational diseases contracted by their workers because of or in the performance of their work or occupation. Employers must pay the corresponding indemnity, where death or temporary or permanent incapacity to work has resulted. This responsibility exists even if the employer contracts for the work through an intermediary (XIV).

Employers must take adequate measures for the *prevention of accidents* in the use of machines, tools and materials (XV).

They are required to observe the legal regulations on hygiene and health in their establishments and to organise the work in such a way as to ensure as great a guarantee for the health and safety of the workers as is compatible with the nature of the work (XV).

The Constitution deals with the important question of *social security* but does not make any binding provision.

As regards *employment agencies*, it is provided that placement of workers must be free of charge at all times, whatever the institution performing the service, whether official or private (XXV).

*Workers' housing* is also provided for. In the first place, employers in any agricultural, industrial, mining or other enterprises are required

to furnish their workers with comfortable and hygienic living quarters if the enterprise is situated outside a town or if it is inside a town and employs more than 100 workers. In neither case may the employer collect a monthly rent exceeding one-half of 1 per cent. of the assessed valuation of the property (XII). Secondly, co-operative societies for the construction of low-cost and hygienic houses to be purchased by workers in instalments are considered to be of public utility (XXX).

The provision of certain *public amenities* is also envisaged. Employers are required to establish schools and hospitals at places of work, as well as any other services necessary to the community (XII)—a provision which is so wide that by means of suitable regulations it may be used to improve urban standards. Paragraph XIII deals with such public services as markets, municipal facilities and recreation centres, and states that when the population exceeds 200 the employer must set aside an area of not less than 5,000 square metres for the provision of such amenities.

*Measures against drunkenness and gambling* are envisaged in a provision forbidding establishments for the sale of intoxicating liquors and houses for games of chance in all work centres (XIII).

### **Protection of workers' families**

Article 123 does not confine itself to regulating the performance of services but also contains a number of measures designed to benefit workers' families. The two most important of these are: the institution known as "family patrimony", which is taken from the legislation of the United States of America (XXVIII); and the provision that a worker alone is responsible for debts contracted by himself and payable to his employer, and that payment of such debts may not be exacted from members of his family—a measure designed to protect the earnings of workers' dependants (XXIV).

### **Labour authorities**

The article sets up two authorities, the Boards of Conciliation and Arbitration (XX) and the special committees for the establishment of minimum wages and participation in profits (IX). The membership of all these bodies reflects the division of society into two groups, since they consist partly of workers and partly of employers, but it does not reflect the relative size of the two groups. Each group designates its own members and in addition the membership contains representatives of the State. The Boards of Conciliation and Arbitration are state bodies with responsibility for setting disputes or differences of opinion between capital and labour; they are independent of the judiciary and their organisation is somewhat complex.



## **International law**

There are two provisions on this subject. The first of these is the stipulation that equal wages must be paid for equal work regardless of nationality (VII). The second, designed to protect Mexicans under contract to work abroad, lays down that such contracts must be witnessed by a competent municipal authority and countersigned by the consul of the nation to which the worker intends to go; in addition to the usual clauses, the contract must clearly specify that the expenses of repatriation will be borne by the contracting employer (XXVI).

## **A declaration of social rights**

The social rights of Mexicans were embodied in three articles of the new Constitution. The first of these is article 123, which contains the principles on which labour legislation must be based for the purpose of ensuring that those who hire out their services do so without detriment to their human dignity and are able to share in all the benefits of civilisation and economic progress. Article 27, which starts from the assumption that the ownership of all land is vested in the nation, goes on to recognise the institution of private property, but imposes such limitations as the public interest may demand and empowers the nation to regulate the utilisation of natural resources that are capable of appropriation in order to conserve them and to ensure a more equitable distribution of public wealth; it also states that farming communities are entitled to the return of the land taken from them and to farm them for their own benefit. Lastly, article 28, in order to protect the consumer, forbids concentration of the ownership of the means of production and all monopolies.

This declaration of rights in the 1917 Constitution amounts to a new concept of social life and law. It also involves a more comprehensive and generous interpretation of the meaning of distributive justice.

Thus, before the Constitutions of the U.S.S.R. and Weimar, the Mexican Revolution found a new approach to the subject and gave the country a political constitution which for the first time in the world also contained a series of social guarantees or rights.

This bold piece of legislation was of enormous importance because it broke away from the liberal constitutions of the past, and it is interesting to note the same determination very shortly afterwards in other countries and latitudes. All this goes to show that man is the same the world over and that when in times of crisis he resorts to revolution new measures are needed to guide state policy and solve his problems.

Of course, in the last 50 years article 123 has evolved in accordance with the country's needs. The most important amendments were made in 1929 when the Federal Congress was given sole power to legislate on

labour matters, since under the Constitution most of the states had passed their own laws based on different guiding principles although all within the framework of the Constitution and it was impossible to co-ordinate progress. The reforms that led to the establishment of a social security scheme in Mexico and its later development in accordance with internationally accepted standards and principles of protection for workers and their families also took a distinctively Mexican form. Major social progress has also been achieved by the reform in the minimum wage system, establishing a general minimum wage in each area together with a minimum for each occupation, and also by the new scheme for participation by workers in profits, which a national tripartite committee representing government, employers and workers has evolved since 1963. The labour courts set up by the Boards of Conciliation and Arbitration are steadily enhancing their effectiveness. Secondary legislation such as the Federal Labour Act and the Social Security Act has also done much to promote social progress and justice. Employer-worker relations are regulated by collective bargaining (which can and does take place because the trade union movement is free), so that the parties are able to settle their problems by joint agreement.

The social guarantees embodied in the 1917 Constitution have in practice helped to change the spirit and nature of employer-worker relations in Mexico because there has been a distinct shift of attitudes on both the employers' and the workers' sides. It can now be asserted that after the difficulties encountered in the initial period of acute inexperience, which roughly corresponded to the first 20 years of operation of article 123 and the legislation passed by virtue of it (the legislation of the states has since been superseded by the Federal Labour Act), relations between capital and labour have been fairly co-operative and a balance between the two has been achieved, as reflected in freely negotiated collective agreements. This in turn has led to greater stability in the labour force, a better climate of employer-worker relations and a deeper understanding of each party's obligations and rights, whether employers or workers and trade unions. It is important and right to point out the greater responsibility shown by the employers and the increasing maturity displayed by the trade unions and the workers' leaders. In addition, the Government has provided sound guidance and this, coupled with the political stability we have enjoyed in Mexico for the past 30 years, has helped to banish the spectre of militarism and revolution, has led to major advances in economic development and independence and, as a result, has brought about a general rise in living standards.

After 50 years' experience we can only applaud the farsighted vision of the Constituent Assembly of 1917.

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# A Workshop for Married Women in Part-time Employment

## Implications of an Experiment in the Netherlands

J. L. J. M. VAN DER DOES DE WILLEBOIS <sup>1</sup>

*The domestic and industrial issues  
are two aspects of a whole* <sup>2</sup>

THERE CAN BE NO DOUBT about it—the relations between the parties on the labour market reflect their relative strength. When jobs are hard to get, when there is substantial unemployment, poverty and a low level of development in general, then what is traditionally known as the demand side, i.e. industrial undertakings and other employing units, dominates the situation; while what is traditionally called the supply side—workers of various classes and occupations—is under economic coercion, since the people concerned must earn a regular wage, wherever they can find it, in order to keep going. If workers so placed have any choice, it is not between one job and another but between “this job” and no job at all: in other words, when they seek employment their position of weakness prevents them from taking any but economic considerations into account.

During the past 15 years that kind of situation has largely ceased to exist in many countries and areas of Western Europe and North America. Instead—one may say, for the first time in history—not only is employment available for all but there is a structural manpower shortage, an expanding economy, with rising levels of income and consumption, of well-being and general development. As a result large groups of workers have for the first time been able to choose between one job and another, one employer and another, and have thus been in a position to take non-economic considerations into account in their choice of work.

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<sup>2</sup> P. JEPHCOTT *et al.*: *Married women working* (London, George Allen & Unwin, 1962), p. 176.



Industrial undertakings and other employing units—the demand side of the labour market—thus find themselves in a much more complex position. Not only are they faced by stronger and more fastidious supply groups; they also find themselves in competition with one another for the available work force. This situation obliges them to adjust their internal technical and organisational structure and their personnel policy; indeed, in the new situation continuity in recruitment has become a cause of concern and requires specific planning.

As yet the possibly revolutionary significance of the above-mentioned structural changes, both for the management of industrial undertakings and for public social, economic and general policy, is hardly suspected, still less translated into clear-sighted proposals for future action.<sup>1</sup> Local, pragmatic experiments with new kinds of organisation, working conditions, management, planning and control are still exceptional. However, some of the results of such experiments can be offered for the construction of future policy.

The present article describes a particular experiment, made because of such a changed situation. Though neither dramatic nor revolutionary, it may be considered, against the background sketched in the preceding paragraphs, as not without significance. But before the scheme itself is depicted, a review of the relevant conditions must be given.

### National background

The above-mentioned structural changes began to be felt in the Netherlands in the middle of the 1950s and became increasingly pronounced in the years 1959 to 1965. The growing shortage of personnel was experienced everywhere and stimulated a more deliberate search for means of tapping non-traditional sources of labour. In addition to foreign workers<sup>2</sup>, active interest was taken in the employment of women.

In the Netherlands in 1960 working women made up 23 per cent. of the gainfully occupied population and 26 per cent. of the total female population over 14 years of age. In both France and the Federal Republic of Germany the corresponding figures were about 34 and 40 per cent. In Britain and the United States working women made up about 34 per cent. of the gainfully occupied population, in Sweden and Switzerland

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<sup>1</sup> Valuable data and suggestions in this regard may be found in the following: W. G. BENNIS: *Changing organisations* (New York, McGraw-Hill, 1966); J. F. FOURASTIER: *Les quarante mille heures* (Paris, Robert Laffont, 1965); E. JAKES: *The changing culture of a factory* (London, Tavistock Publications, 1951); R. LIKERT: *New patterns of management* (New York, McGraw-Hill, 1961); D. LOCKWOOD: "The affluent worker", in *Sociology*, Vol. 1, No. 1, 1967; and H. J. VAN ZUTHEM: *Arbeid en arbeidsbeleid in de onderneming* (Assen, 1967).

<sup>2</sup> On this point, see R. WENTHOLT: *Buitenlandse arbeiders in Nederland* (1966).

about 30 per cent., in Italy 27 per cent.<sup>1</sup> So the percentage of women working in the Netherlands could be regarded as low.

But, as in other developed countries, substantial shifts have been taking place within the general category of gainfully occupied women. While their number and proportion have remained approximately constant, there has been a steady fall in the proportion of women who help in their husbands' businesses, and a sharp rise in the number and proportion working in non-agricultural, non-domestic activities. In general, the number of unmarried women decreased between 1947 and 1960, absolutely and relatively, as a result of the fall in the average age of marriage and of the declining surplus of women over men in the age groups under 35 years. Yet, despite the absolute and relative decline, in the same period the proportion of unmarried women going out to work increased by three points—from 55 to 58 per cent. of all unmarried women between 14 and 64 years of age.<sup>2</sup>

It is more interesting, having regard to the growing shortage of labour, to examine the position of married women and to compare this with the position in neighbouring countries.

Again in the period 1947 to 1960, the proportion of married women going out to work in the Netherlands increased sharply—from 2.5 to 4.7 per cent. of all married women. If wives helping in husbands' businesses are included, we reach a total proportion, for 1960, of 7 per cent. of all married women. In Belgium 15.4 per cent. of all married women were working in 1947 and the number has greatly increased since. In the Federal Republic of Germany, and in France, Great Britain and the United States, about 33 per cent. of all married women went out to work in 1960.<sup>3</sup>

There is thus a striking difference between the position in the Netherlands and in the neighbouring countries, where the married woman worker is a much more usual phenomenon.

This is due to various factors. For one thing, in the Netherlands industrialisation and urbanisation did not develop in real earnest until after the Second World War. For another, opinions and attitudes towards the employment of married women outside their homes changed slowly; the view that a married woman should look after the household, and nothing else, while the husband earns the family's living, is still strong and widespread in the Netherlands; it reflects the long-standing conception of the role of man and wife in the traditional Dutch family.

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<sup>1</sup> See International Labour Conference, 48th Session, Geneva, 1964, Report VI (1): *Women workers in a changing world* (Geneva, I.L.O., 1963), and the figures from the (Netherlands) Central Statistical Office, reproduced in Sociaal-Economische Raad: *Advies over de arbeid van vrouwen in Nederland, 1966*, p. 11. This report gives a good review of recent inquiries and publications on the subject in the Netherlands.

<sup>2</sup> Figures from the national census of 1960 provided by the Central Statistical Office, The Hague.

<sup>3</sup> See *Women workers in a changing world*, op. cit., pp. 15 ff.; and Viola KLEIN: *Women workers: working hours and services*. A survey in 21 countries (Paris, O.E.C.D., 1965).

An inquiry on this subject<sup>1</sup> among a representative sample of women with family responsibilities revealed that 56 per cent. were more or less opposed to work outside the household, while only 20 per cent. were positively disposed towards such work. According to these women, the great majority of breadwinning husbands objected to their wives going out to work; so their attitude was apparently much more negative than that of the wives themselves. This generally unfavourable opinion is found in all groups of the population—rather more strongly in those with religious affiliations, rather less so among people with more money and higher education.

However, there are indications<sup>2</sup> that the number of married women seeking employment is likely to rise further as a result of increasing urbanisation, the fall in the birth rate and the average age of marriage, the mechanisation of household work and the rise in the level of education. The proportion of unmarried working women in the lower age groups will, however, probably decline as a result of the extension of the period devoted to education and training, the disappearance of the surplus of women over men and (once again) the fall in the average age of marriage.

Probably, therefore, there will not be any marked change in the proportion of women in the total gainfully occupied population; it is likely to remain around 23 per cent.<sup>3</sup>

Shortage of labour was very acute in large parts of the Netherlands in the period 1960-65 and the demand for women was even greater than that for men. The shortages of men and women alike were greatest in industry.<sup>4</sup> However, there were considerable differences between the various sectors of the economy and the various regions.

### Local situation

Eindhoven is a highly industrial city in the south of the Netherlands, with some 180,000 inhabitants. Of the gainfully employed population, 61 per cent. work in industry, 38 per cent. in the services sector and 0.9 per cent. in agriculture.

In the industrial sector the metal industry is predominant (employing 82 per cent. of the industrial workers) and its share of the gainfully occupied population has increased most rapidly. Far the greatest proportion of the work force—both men and women—in this industry are employed by Philips, which has its headquarters in Eindhoven.

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<sup>1</sup> See Instituut voor Psychologisch Markt- en Motievenonderzoek (I.P.M.): *Arbeid buitenshuis door vrouwen met gezinsverantwoordelijkheid* (1962); and a report with very much the same title by the Family Council, published by the Minister of Culture, Recreation and Social Work in March 1966.

<sup>2</sup> See *Advies over de arbeid van vrouwen in Nederland*, 1966, op. cit., pp. 12 ff.

<sup>3</sup> Ibid., p. 14.

<sup>4</sup> As in the United States, most working women (73 per cent. of the total) are in commerce and the services.



Between 1960 and 1964 the demand on the local labour market so much exceeded the supply that departures from Philips' operative work force could not be counterbalanced by recruitment of new personnel. Contrary to the needs of the firm the numbers of male and female manual workers declined in those years by 8.3 and 14.1 per cent. respectively, while the population of Eindhoven increased by 7.4 per cent.

It is thought that the decline at Philips was due to the attraction of the services sector, which until 1960 had been relatively underdeveloped for a town of Eindhoven's size and then expanded rapidly. This process, together with the decrease in "daily migration"—particularly of women and girls from the neighbouring parts of Belgium, which were rapidly being industrialised—largely accounts for the fall in the supply of female manual workers.

Besides such local phenomena there was the fact that the shortage of unskilled workers was also a national problem at the time. Whereas in 1936, 53 per cent. of boys leaving primary school went straight to work, in 1952 the proportion was 27 per cent. and in 1961 only 9 per cent. In Eindhoven itself only about 6 per cent. of primary school leavers became immediately available for employment in 1960. So, apart from the various short-term causes, the decrease in manpower and the resulting shortage have also a clear long-term, structural element; it is this structural element that requires undertakings to adjust their policies so that recruitment may be kept going at a time of rising standards of living.

Accordingly, it was clear that the time had come at Philips to devote more systematic thought to rendering methods of operation more attractive, having regard to the human motivations of potential employees. New ideas in the social sciences were studied and shaped into a new concept of work organisation, specifically adjusted to the Philips concern.

Small groups of workers and group autonomy, broadening the job and individual responsibility, shortening the "line", participation and consultation—these are the main starting points that led to the new concept that has become familiar in the Netherlands under the name of "job structuring".

The situation was certainly ripe for experiment. The decrease in the number of manual workers, particularly of the female sex, at Philips, Eindhoven, occurred at the very moment when activity in electro-technical manufacture was greatly expanding and the demand for women who could do precision assembly work was therefore also increasing fast. Sales departments were making plans which the production departments could not carry out for lack of personnel. No more women workers could be recruited from traditional sources. The only way out was to recruit married women—still a non-traditional source of labour in the Netherlands, as pointed out above.

A special committee at Philips, Eindhoven, had already worked out proposals for a personnel policy aimed specifically at that objective.

Having applied these proposals, the Philips telecommunications works at The Hague—also struggling against a chronic labour shortage—had had encouraging experiences with an unusual scheme of working hours, specifically devised to provide part-time employment for married women; the scheme was advertised and the interest shown exceeded all expectations. Thereupon it was decided to begin a similar experiment in the much less urbanised neighbourhood of Eindhoven and—in connection with it—to put ideas on “job structuring” into practice.

In the immediate vicinity of Eindhoven lies the satellite town of Veldhoven, a typical dormitory area of about 25,000 inhabitants including a comparatively large number of young families. Most of its working population consists of manual workers and clerks employed in Eindhoven. A small workshop for precision assembly of hearing aids, which was intended exclusively for the employment of married women and arranged—as regards lay-out, equipment and organisation—specially to suit them, opened at Veldhoven in 1964.

### **Hours of work**

One of the practical reasons why more married women do not go out to work, in the Netherlands and elsewhere, is of course the fact that a full working week of 45 hours is in many cases very hard to combine with the duties of a housewife. It can be assumed that a good many more married women would be disposed to take jobs, so as to earn something extra, if there were an appropriate opportunity not too far from home and suited to their requirements. So the first two important requirements are proximity and convenient hours of work.

As regards the first, a basic reason for choosing Veldhoven was to bring the jobs close to married women and indeed to put them not more than 15 minutes, on foot or bicycle, from their homes. Another basic reason may be expressed as a negative: *not* to begin in the middle of Eindhoven's huge complex of factories, which might have scared off many women in advance. The opportunity of doing part-time work close to their homes, it may be assumed, reduces the preliminary obstacles, both physical and psychological, which married women must surmount before going out to work. A still better adjustment of working conditions to their situation can be obtained if the women themselves are enabled to fix the distribution of their own hours of work over the day and week. If so, they can arrange, for instance, for their working hours to coincide with the children's hours at school. Moreover, some may prefer to work in the morning, others in the afternoon. The Philips telecommunications works at The Hague had been the first, in 1961, to introduce this special freedom for married women to choose their own hours of work.

For reasons of economy in operation, however, it is necessary to lay down a lower limit for the number of weekly working hours, because

part-time work inevitably involves higher costs for the establishment. (The question of costs will be discussed below.) At the works in The Hague the minimum number of weekly working hours for married women was fixed at 30. When taking up employment there, women can indicate their preference regarding distribution over the day and week. An agreement is then made, which—if desired—can be modified later. Time off, without pay, can be taken in case of unforeseen occurrences—for instance if the husband or a child falls ill. The system turned out to be a success: absenteeism and turnover figures in the department concerned were clearly favourable in comparison with the other parts of the same establishment.

In the light of this success, the following scheme was worked out for Veldhoven. Working hours range from a minimum of 25 to a maximum of 45 in the week. An individual contract is made with each employee, stipulating the number of hours she is to work and their distribution over the day and week. Distribution over the week must be such that the employee is present for several hours on not less than four days. This is regarded as a necessary condition, both for the employer, so that the workshop can be efficiently organised, and for the worker, so that she may keep up reliable, uniform standards of speed and skill. Women with children can split their daily hours, doing some in the morning and some in the afternoon; those with no children may complete their hours of work without a break, either in the morning or in the afternoon.

The agreement can be reviewed every three months if the employee so wishes; but experience has shown that a well-conceived agreement seldom needs modification. Time off, without pay, can be taken for a good reason, such as the husband's or children's sickness or holidays.

In March 1967, 60 women were employed at the Veldhoven workshop. Forty-one (68 per cent.) do the minimum working week of 25 hours; 12 of these are mothers who have chosen their children's school hours as their own hours of work, so they attend for a certain time in the morning and a certain time in the afternoon. The other women do more than 25 hours a week, but only three work a full week of 45 hours. Morning work predominates; the average number of women at the workshop in the afternoon is about 28, but towards the end of the afternoon only about four are left. None needs more than ten minutes to go from home to work.

### **Recruitment, selection, engagement**

In all its planning, and particularly in its plans for recruitment, Philips had to make due allowance for the prevailing view that a married woman's primary job and responsibility lie in her family, and to ensure that any woman recruited could remain a housewife first and foremost



and regard her career in part-time employment as merely a chance to earn additional income. A form of part-time service that would interfere with this primary responsibility had to be avoided—by the employer as much as anyone; this was realised from the outset. The widespread Dutch opposition to the employment of married women thus called for a careful policy of “mutually recognised different responsibilities”, including due social sense on the employer’s part. The hours-of-work arrangement is one aspect of this; the methods of recruiting, selecting and engaging the married women are another.

The consequence was clear: if proximity to the woman’s home was to be an objective, recruitment would have to be restricted, so as to preclude travel over long distances. Furthermore, contact had to be personal, even at the stage of recruitment, if a real mutual adjustment of responsibilities was to be brought about. For these reasons an original approach was chosen: married women in Veldhoven and the immediate neighbourhood received a letter presenting to them a workshop intended exclusively for married women; it referred to the attractive opportunity of earning extra income, close to one’s home, at times chosen by oneself and in comfortable surroundings; and, so that these various points might be explained and the working hours and other conditions discussed with those interested, the letter offered a personal visit by the future female personnel officer of the workshop.

A reply-card was enclosed in the letter, on which name and address and the times preferred for the visit could be indicated. About 1,500 copies were sent out; some 120 replies were received. That was only about 8 per cent., but, even so, much more than had been expected. All those who replied were visited at their homes.

In the course of the interview—for the above-mentioned reasons of policy—the prospective employee’s family situation was discussed in detail and there was joint consideration of the extent to which it would be proper, in the particular case, for the woman to accept part-time work and for the undertaking to employ her. Mothers with children up to the “toddler” age were strongly advised not to apply, because their family responsibilities would be hard to combine with a job outside the home. (There were no collective nurseries, and no plans to establish any.) Consequently, part-time employment away from home would be appropriate mainly *either* for married women who had no children yet *or* for those whose children were at school or even at work. In terms of age, the job would be appropriate for women between 20 and 30 and for those over 36.<sup>1</sup>

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<sup>1</sup> See Viola KLEIN: *Employing married women* (London, 1961), pp. 11-13; *Women workers in a changing world*, op. cit., p. 93; *Advies over de arbeid van vrouwen in Nederland, 1966*, op. cit., pp. 19 and 35; and M. DUBLIN-KEYSERLING: “Gehuwde arbeidskrachten in de Verenigde Staten”, in *Sociaal Maandblad Arbeid* (Alphen aan den Rijn), 5 Nov. 1966, pp. 7 and 11.

As a result of the visits to their homes, about half the respondents had to be dropped because their domestic situation seemed, on closer examination, to be hard to combine with part-time employment.

The remainder, about 60 in all, were invited to come to Eindhoven for a test and a medical examination. Testing was necessary because special standards of vision, intelligence, accuracy and dexterity must be met for employment in precision assembly work on hearing aids. The workshop was started gradually, in small groups. At the end of 1964 about 85 married women were working here. By March 1967 the number had been reduced, according to plan, to about 60—simply by not making up the natural wastage. But rising sales are now obliging the management to think once more of a substantial increase in the number of workers.

### **Conditions of employment**

Apart from the special system of hours of work, conditions of employment at the Veldhoven workshop are very much the same as at other Philips establishments in the Netherlands. The workers on part time are entitled to sick pay, holiday allowance, etc., in accordance with the number of hours worked by each. A woman on a 25-hour week receives 15 days' paid leave a year (ten days of collective workshop holidays and five days to be taken individually). Where necessary, an individual arrangement for regular leave can be made, by the hour if need be.

In addition, as already stated, it is always possible to take time off without pay, for instance during the school holidays. In practice, however, at those times some arrangement can often be made at home—perhaps with the aid of the child's grandparents—in order to keep down the loss of earnings. Similarly, in the case of special circumstances or difficulties in the household or family, arrangements for absence can be made after personal consultation.

Penalties are not imposed at the workshop. In serious cases of fraud or abuse—which seldom occur—the person responsible is confronted with her record. This is discussed with her, and she may be advised to leave. If so, she herself resigns.

Membership in the pension fund is voluntary, except for widows, who are obliged to join. Like all other Philips employees, each woman receives a "personnel card", with which she can obtain all Philips products at the same reduced prices as apply to anyone working with Philips.

Like the working hours, however, two features more peculiar to this workshop are the "structure" of the work and its organisation. Before these are described, it will be useful to give further information about the married women employed at the workshop.

### Who comes to work, and why?

The married women employed at the workshop are all wives of manual workers and junior office personnel. Though some of the women worked in factories before their marriage, according to the chief of personnel, surprisingly many have never done so but were formerly typists in offices, salesgirls in shops, or domestic workers.

The same was found in the case of the above-mentioned experiment at the telecommunications works in The Hague, where 150 married women are employed and fuller data are available. Of the 150, only 9 per cent. had had factory experience, 7 per cent. had been typists and 11.5 per cent. saleswomen, 17 per cent. had worked in households and 39 per cent. had had no previous occupation. As regards education, 60 per cent. had been to primary school only and 40 per cent. had had some further education or training thereafter (17.5 per cent. at domestic science schools, 13 per cent. at junior secondary schools<sup>1</sup> and 9 per cent. at training courses for hospital nurses, teachers, children's nurses and educators, dressmakers, or at girls' trade schools). The average age of the married women at The Hague factory is relatively high: 39 per cent. are between 30 and 40 years, 45 per cent. are between 40 and 50. Nearly 90 per cent. have children over 6. The additional earnings are presumably intended, in the first place, to enable the cost of the children's education to be more easily borne, a second motive being to permit more expenditure on "luxuries" such as cars or holidays.

At Veldhoven the average age is lower: the age groups above and below 35 years are more or less equally represented. Forty-four per cent. of the married women have no children; the other 56 per cent. have children over 6 (22 per cent. have only one, 24 per cent. have two, 8 per cent. have three, and 2 per cent. have four). The additional earnings seem to be intended for purposes different from those mentioned in connection with The Hague—more to purchase durable consumer goods for comfort in the home (refrigerators, washing machines, television). But these data are subject to modification, since an average age can fluctuate over the years.

An important reason why married women go out to work is to earn extra money without any sacrifice on the part of their families.<sup>2</sup> This emerges clearly from their recruitment interviews. Conditions of work specially adjusted to their personal situation, as well as the proximity, the external appearance and equipment of the workshop, the kind of

<sup>1</sup> Schools offering courses lasting three or four years, leading *either* to employment or to further specialised training in domestic science (in the case of girls) or in technical colleges (in the case of boys).

<sup>2</sup> See JEPHCOTT, *op. cit.*, pp. 87 and 100; Elisabeth PFEIL: *Die Berufstätigkeit von Müttern* (Tübingen, J. C. B. Mohr, 1961), pp. 304 ff.; KLEIN: *Employing married women*, *op. cit.*, p. 11; and F. ZWEIG: *The worker in an affluent society* (London, Heinemann, 1962), Ch. VIII.



work, the presence of other women in similar circumstances, are then factors that make it easier for them to decide on part-time employment.

Other non-economic motives also play a part. In the inquiry among women with family responsibilities, to which reference is made above<sup>1</sup>, it was found that readiness to go out to work does not coincide with objectively ascertainable differences of income, indeed the inhibitions seem rather less serious in the case of people with higher incomes and more education: this fact indicates the existence of other important motivational components, such as an objection to being confined to domestic tasks, dislike of the relatively isolated position of many housewives, and the attraction of being able to engage in some useful and creative work besides one's household duties.<sup>2</sup>

With a view to further study, it would be interesting to know what other women or classes or groups of women are considered as points of reference when a person is deciding whether she will take on part-time or other work in addition to her duties in the home.

### **Work, organisation, remuneration**

The work of assembling hearing aids is particularly suitable for women: it is light, and it requires dexterity, care and precision. Such assembly work can be organised in various ways. The production process includes seven distinct phases: mechanical assembly, electrical assembly, electrical checking, casing, acoustic checking, packing, and preparation for dispatch.

Before 1960, at Eindhoven, all hearing aids were made on the production belt, so that each worker had only one short cycle of operations to perform, lasting a few minutes. The small sets passed through a great many hands, with every chance of error, damage, etc. Consequently, in 1960 the Eindhoven factory changed its method and began to organise production on the basis of small groups of workers, with broader jobs for the individuals. Each woman now carried out several operations, used several tools and was thereby responsible for a definite phase of production. Between adjacent workers space for "provisional stocks" of material was provided, so that a woman had greater freedom to work at her own speed. This method required a longer induction period and made greater demands on the worker's intelligence; but it also rendered the job more attractive.

From the employer's point of view, the new method of organisation meant less waste. There were fewer waits, fewer disruptions due to delay, a rather larger output and a rather higher level of quality. Individual

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<sup>1</sup> I.P.M., op. cit.

<sup>2</sup> See also R. O. BLOOD and R. L. HAMBLIN: *A modern introduction to the family* (London, 1961), particularly pp. 137-143.

tempo and productivity remained the same; the improvements were due to better organisation and were obtained not by obliging the employees individually to work harder in an unchanged setting, but by providing a different setting—a more varied job content, greater responsibility and the possibility, within limits, of working regularly at one's own preferred tempo.

Production in the Veldhoven workshop is organised on the same lines. The women work mostly in groups of ten to 12. Each group takes care of a particular kind of hearing aid and is responsible for all the phases of its assembly. Each member of a group performs several operations, which together make up a phase. Via the "provisional stock", the article then goes on to the next member of the group, who puts it through the following phase. In this way the whole hearing aid comes visibly into existence within the group. Each worker's individual place in the group and in the process is also physically emphasised by providing her with her own assembly table, which remains unoccupied while she is absent. The assembly tables are so arranged that the particular groups can be clearly distinguished.

There is one group which only makes the wires and packs the hearing aids. A small group of six makes self-contained elements which have to be fitted into the apparatus. For purely technical operations (repair of machines, fault-finding, acoustic checking) and for certain others requiring more physical effort, three men are employed.

As an experiment, the married women in the workshop are paid a fixed wage on the basis of the hourly rate laid down by collective agreement. A certain minimum level of output, which can comfortably be reached, is agreed on, and this entitles each woman to her starting wage, which is laid down in the terms of the agreement. If she produces more, her wage is raised after a certain time to an agreed higher rate. The running-in period lasts rather longer in the case of such part-time work than otherwise, but after four to five months almost everyone reaches the usual level of output without difficulty.

The jobs are analysed and classified by degree of difficulty. Each class has its own wage scale, which offers the possibility of financial advancement through promotion from the initial (adaptation) level to "good" and "very good". The classes are entitled "second assembler", "first assembler" and "general assembler". A newcomer starts as second assembler. If she learns her job fast and seems able to take on more difficult work she becomes a first assembler and so enters a higher wage class. If she masters other production phases inside and beyond the range of her own group, so that she is outstanding as an assembler and at times of stagnation or peak can come in as a replacement in any phase, she is promoted to "general assembler" in a still higher wage class. There are only a few of these at the workshop. Half the remainder are second and half are first assemblers.

It is the *average* level of output which determines earnings: the worker is thus free to work a little faster for a time, and then a little slower, without any fluctuations in her earnings. This freedom is ensured also by the system of "provisional stocks", which lie between adjacent workers. Evaluation is based on criteria relating to tempo, quality, degree of difficulty, and conduct.

The system of financial advancement is an experimental move to introduce, even in the case of manual work, a fixed wage that can be adjusted after periodical review, as is done with salaried employees. It is an attempt to escape from the unit system. An account of the results and experience obtained under the new system will be found below.

As already stated, the broadening of the individual's job does not lead to any increase in individual productivity, because each person's task becomes more complex. Apart from the increased productivity of the establishment as a whole, due to system improvements, a clear advantage lies in the pleasant working atmosphere, the absence of nervous tensions, and the spirit of consultation, co-operation and comradeship that characterises relations among the personnel.

All this probably means more to the married women concerned than just a convenient opportunity of earning something on the side.

### **Group leaders**

As already stated, the married women work in small groups of ten to 12 persons. Each group has a leader. A significant detail of the preparatory work for the Veldhoven experiment was the plan to allow the groups to choose their own leaders. However, this idea was subsequently dropped because of the demands that would have to be made on the holders of such posts, particularly in the initial phase: apart from authority, impartiality, patience and tact, the leader must also have a thorough knowledge of all operations done in the group and be able to teach and co-ordinate these operations. Until the married women had acquired some industrial experience, the chance that their choice of leaders would be determined exclusively by personal sympathies and antipathies was too great. So was the risk that the chosen leaders would not meet the functional requirements that had to be attached to the role of leader in this particular workshop. The results of inappropriate choice would have been harmful for the persons concerned, the groups and the whole workshop.

So the group leaders are selected by the management and the woman personnel officer, who knows the women and is aware of relations within the groups. The leader is always drawn from the particular group itself, so that in principle every member of the group has the same chance of becoming leader.



But the leader remains an assembler and spends part of her time at assembly work. She is a *working* group leader and only leads when the situation requires her to (for an estimated 60 per cent. of her working hours). She gives help and advice in difficulties, arranges for supplies of material in good time, instructs, regulates, co-ordinates and sees to it that the others can work on steadily without being disturbed. She arranges the contacts with other groups, with the chief of department and the manager, and looks after the interests of her members. The leader is the central point for communications in and concerning her group. Every day there is a short discussion between the foreman-assembler and all the group leaders. The chief of department meets them twice a week to discuss any matters affecting work and relations in the workshop as a whole.

The group leaders earn, on average, only 8 per cent. more than a second assembler and 4 per cent. more than a first assembler. They wear no distinguishing uniform or insignia. All these points help to keep the personal distinction between leaders and members of groups as small as possible and to facilitate informal, friendly co-operation.

Unlike other Philips establishments, the Veldhoven workshop has no works council. This is because, organisationally and administratively, it forms a department of an undertaking at Eindhoven. Moreover, according to the personnel officer, the need for a separate representative body at the workshop has not shown itself—no doubt, among other reasons, because of its small extent, the frequency of consultation along the “line” and the part-time presence of most of the people concerned.

As already pointed out, recruitment is carried out by means of a personal approach; this same approach is characteristic of relations within the workshop. We have seen that, when unexpected situations and difficulties arise, they are examined and a reasonable solution is sought through personal consultation. The attitudes and speech that are current also differ from those of an ordinary factory: whereas most women factory workers are addressed in the familiar form of speech<sup>1</sup> and by their first names, the married women at the Veldhoven workshop are addressed as “Mrs.” with their surnames and in the more formal style. This practice endorses their independent, responsible status. It may be a detail, but it is a significant departure from customary factory manners.

## Results

The workshop for married women at Veldhoven has now been in existence for three years. What have been the results of this experiment, for the employer and for the workers?

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<sup>1</sup> In Dutch there are two words for “you”, one more familiar, the other more formal.

## **Results for the employer**

The average output per worker per hour is approximately the same as in the comparable department at Eindhoven, working full time. Nor is unwarranted absence any more frequent at Veldhoven than elsewhere.<sup>1</sup> On the other hand, the possibility of taking time off without pay during the school holidays is widely exploited at the Veldhoven workshop, which often finds itself 25-30 per cent. understaffed at such times; but leave of this kind is often voluntarily made good, at least to some extent.

The induction period is longer, i.e. more expensive, than in the case of full-time work. Self-determined time schedules and an individual workbench for each married woman involve additional expense, because the available workplaces are occupied, on average, not for 45 hours but for only 28 hours a week. Consequently fixed costs per workplace per hour are 60 per cent. higher in the Veldhoven workshop than in other establishments; but as these overheads (rent, light, heating, etc.) amount to only 5 per cent. of total costs, the increase is balanced by advantages at the social and psychological levels.

These and other cost-increasing factors are accepted and regarded as the price that must be paid for a workshop specifically arranged and made attractive for married women workers. The net result, the productivity, is judged by the workshop and the general management to be clearly favourable. After The Hague and Veldhoven, special workshops for married women have been opened in two other places, Oss and Woensel; and further plans are ready for future action. This is proof that, all things considered, Philips regard the experiment as conclusive and as a success.

## **Results for the married women**

The following features are important to the employees as human beings within the organisation: each woman has her own place at the workshop—in the material, the organisational and the social and psychological sense. She makes a distinct contribution, in freedom and independence, to the manufacture of a final product, which she can see growing within her own working group; she does so as a member of a small group of similarly situated women; she receives a fixed rate of pay and can be promoted in rank and wage; the group leader is chosen from the group and differs little from the other members. Lastly, all questions affecting the woman's position and activity at the workshop are settled by consultation.

How is this situation viewed by the married woman worker herself?

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<sup>1</sup> See Viviane ISAMBERT-JAMATI: "Absenteeism among women workers", in *International Labour Review*, Vol. LXXXV, No. 3, Mar. 1962, pp. 248-261.

Unless there are exceptional circumstances, the staff turnover will normally give a first answer to that question, particularly at an establishment like this one where the employees are mainly seeking a *supplementary* income. It may be assumed that a decision to leave will be more easily taken in such a case than if the worker has to live on her earnings alone.

Owing to the special circumstances of the initial or induction phase, the turnover in the first few years compared quite unfavourably with the normal level at Eindhoven. The average annual turnover for women working at the Philips establishments there is 23 per cent. At the Veldhoven workshop the turnover of married women was 30 per cent. in the first year, 29 per cent. in the second, and 26 per cent. in the third (1966).

Analysis shows that the difference was partly due to the difficulties of the initial phase and partly to the specific character of the personnel. Some of the turnover in the first few years resulted from the many changes and regroupings in the work and its organisation, the teething troubles from which new establishments inevitably suffer. (When a person's work is altered he often loses touch with it and may prefer to leave.) Secondly, it turned out that despite careful selection some women had been taken on in the early years who found great difficulty in doing precision assembly work even after an induction period. Of those who were evidently falling behind, some left, while it was possible to transfer others to Philips establishments at Eindhoven. Both these groups of cases increased the workshop's turnover.

However, a great deal of the turnover was due to household or personal circumstances—sickness or death in the family, pregnancy, change of residence, etc. As at The Hague, such reasons have accounted for about 65 per cent. of all departures. This part of the turnover may be regarded as inherent in the employment of married women, whereas the two kinds of separations mentioned above are characteristic of initial difficulties in a newly established workshop of any kind.

A more stable situation is at last being established. Technical and organisational problems are settled, the three years' experience has contributed to a better understanding of the subject, and more wisdom is applied in the prospection and selection of personnel. The expectation for 1967, based on results for the first five months, is that the turnover will be very much lower than hitherto and will not even exceed 12 per cent.

As to the opinions of the married women workers themselves, no direct and systematic investigation has been made. So far no such investigation has been necessary at the Veldhoven workshop: the staff consists of a relatively small number of persons, about whom, on the whole, more is discovered by the personal approach than is usually known in larger factories with a more impersonal atmosphere. Owing to the frequent personal contacts and the regular consultation at various levels in the workshop, opinions and observations soon find their way



through. In particular, the personnel department is well integrated with the workshop and can in general be relied upon to know what goes on among the staff. (Questionable though such an assumption may usually be in respect of larger establishments, in this special case it is justified.) The consistent impression obtained through the various internal channels of communication and of personal and group consultation is that relations in the workshop are positively good, pleasant and comradely.

In all the special circumstances, this impression is not surprising; and it is confirmed by the fact that, on the whole, married women can be recruited without difficulty for the Veldhoven workshop. After all, the kind of employment it provides has all the appearance of suiting their particular situation—and seems to do so effectively.

A scientific comparative study, embracing several such workshops and extending to the repercussions on family relationships, would certainly provide interesting further information on the matter.

### **Conclusion**

The Veldhoven experiment may be regarded as conclusive. This is due not least to the fact that it was an experiment in the true sense of the word—a trial of something new.

As shown at the outset, the employment of married women is not yet a general phenomenon in the Netherlands. The characteristics that distinguish married women, sociologically, from other groups of potential workers are the following: they already have a recognised position in society, implying a certain role with its consequential expectations, responsibilities and activities—the role of spouse, housewife and mother; they have, as a rule, no immediate subjective economic need to be employed outside their homes; and, finally, there is opposition, stemming from traditional standards and opinions, against their employment. In other words: they are already “somebody”; they already have a job; they do not need to seek another away from home; and—in this country—it is not expected, or even considered proper, that they should do so.

Against such a background, what precisely is the social innovation that the Veldhoven experiment has sought to bring about? The answer may be stated thus: by modifying certain components of customary conditions of employment Philips have sought to make employment in this particular workshop better suited to the position and needs of married women (deliberately envisaged as a class of potential workers) so that such women may be more easily motivated to offer themselves as employees. Practically all customary conditions of employment have been modified—the geographical, the contractual, the economic, the organisational, the social and the physical components. In other words, the novelty is not that Philips should have turned to married women with an offer of employment in a pre-existing setting, but that it should

have turned to married women *specifically* with an offer of employment in a *modified* setting.

This approach, which may be called revolutionary in several senses, is indeed new to current patterns of industrial life. It raises various questions, first and foremost what the effects the new approach may have on the women concerned, their marriages and families. Only a deliberate investigation can provide an answer to that question; as already pointed out, such an investigation has not been made; so nothing about these particular effects can be stated as certain. However, on the basis of practical experience and theoretical knowledge, conjectures may be put forward on certain important aspects of the matter. The characteristic features of the Veldhoven approach make it reasonably probable that the individual married woman comes to a responsible decision regarding the compatibility of a part-time job with her family obligations; it is also probable that, in the Veldhoven setting, she finds it relatively easy to strike the right balance between her two roles. The proximity of the workshop to her home, the broad freedom to choose her own hours of work (both number and distribution), to determine her own working tempo and to take time off, the personal consultation and the possibility of making appropriate individual arrangements—all this offers scope for combinations to suit each particular case; and from the very beginning the worker receives the full support of the personnel service. Inquiries undertaken elsewhere into the implications of part-time work for married women reveal, in general, significantly more positive than negative experience; positive results may be expected *a fortiori* from a set-up such as that at Veldhoven.

### Prospects

More generally speaking, what can be the implications of part-time work for married women, for their marriages and families, and for society?

If a married woman finds a part-time job that she can combine well enough with her family responsibilities, she will at the same time have obtained a second opportunity for contacts and connections and a second activity, which makes a change from her household duties; she will hear new opinions and see new things, get more information, gain experience and with it more ability and recognition. If she adjusts psychologically to having two roles, and also combines them efficiently, she will be integrated into society not only through her husband and family, but also in another and different way; and this will give her a more varied sense of her own personality. It is reasonable to suppose that, for many people, the result may be a greater chance to attain a higher level of general satisfaction. One cannot be sure that such a result will be reached; but several researchers have reported that, where it is reached, great value

can accrue, both for the woman herself and for her marriage and family, especially with regard to the children's upbringing.<sup>1</sup> For instance there are indications that part-time employment of the mother has a favourable effect on the position of the elder children in the family—such mothers seem better able to strike a good balance, as educators, between guiding their children and giving them independence in the later stages of their upbringing than mothers who do not work outside the home and see their educational task coming to an end. It is most important that further research be undertaken on the effect of part-time or other work by married women on their marital and family relations.<sup>2</sup>

A second question thrown up by an experiment like that made by Philips at Veldhoven is the important one of the effect on the undertaking itself and on its social policy. One can, of course, hold the view that such a special approach is initially motivated by pure opportunism: when there is a manpower shortage the employer has to adopt a more personal attitude, particularly towards people who, strictly speaking, have no need of him. It is quite true that in an industrial undertaking the temptation to be merely opportunist in social matters is inevitably greater if the objectives seen are almost exclusively economic.<sup>3</sup> If such is the case the market situation and the relative strength of the two parties have only to change to the worker's disadvantage and it is all over with the "personal approach"—which is then seen, retrospectively, to have been just a market tactic: human labour was treated as a mere commodity.

An up-to-date social policy, on the other hand, takes up the challenge of proving that it does not regard men and women as a commodity, as mere manpower, but sees workers as human beings with their own personality, entitled to be respected as such, and fit to bear responsibility towards the undertaking as a whole. That principle has been officially laid down, as far as Philips, Netherlands, are concerned, in a blanket agreement with the trade unions that can always be revised and renewed if necessary. The authors of a modern social policy in industry know that often it is not "what" but "how" which matters. Everyone understands that conditions in modern society are dynamic and that changes constantly occur, some to people's advantage, some to their disadvantage. As undertakings make more effective use of available up-to-date knowledge when determining their social policy, so, when big changes occur,

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<sup>1</sup> On this point, see, *inter alia*, JEPHCOTT, op. cit., pp. 169 and 179; ZWEIG, loc. cit.; Mary ZELDENRUST-NOORDANUS and G. M. VAN DER KROON: "Arbeid buitenshuis door vrouwen met gezinsverantwoordelijkheid", in *Sociaal Maandblad Arbeid* (Alphen aan den Rijn), 21st Year, No. 1, 1966, p. 53; I. GADOUREK: "Tevredenheid in een welvaartsstaat in een tijd van overvloed", in M. MULDER *et al.*: *Mensen, groepen, organisaties* (Assen, 1963), Part 2, pp. 298 ff. and 316; F. I. NYE and L. W. HOFFMAN: *The employed mother in America* (Chicago, Rand McNally, 1963); and A. KORNHAUSER: *Mental health of the industrial worker* (New York, John Wiley & Sons, 1965).

<sup>2</sup> See JEPHCOTT, op. cit., pp. 101 and 109; and ZWEIG, loc. cit.

<sup>3</sup> See E. FROMM: *Man for himself* (London, 1950), pp. 67 ff.



there will be a more thorough search for appropriate procedures of consultation and participation in decision making, since it will be understood that such procedures improve the content of the decisions made, modify their unilateral character, and render them more acceptable and effective. Structural changes in the relative strength of the parties will therefore always be a challenge and a test both of the honesty and of the effectiveness of the social policy in any industrial undertaking.

Another aspect of the above-mentioned second question thrown up by an experiment like that of Veldhoven relates to its effect on future management. The following may be said in this regard.

If the situation of abundance in the western world is consolidated and intensified, probably the structural tendencies indicated in the introduction to the present article will continue and increase in strength. What is now done as, and felt to be, an experiment in an unusual situation for a special class of workers may well turn out also to have had the function of a trial run for a new kind of approach that may soon need to be used on a wider scale for larger classes of workers. Opposing trends—such as shortage of manpower and shorter hours of work on the one hand, capital-intensive automation with an increasing need for continuous operation on the other—are pushing us towards new systems of shift work for all industrial employees. The new shift systems will necessarily comprise four, five, six or even more shifts in each cycle, so that the plant can operate continuously, while each individual has more leisure. Individuals will then be able to combine two jobs more easily, and such combinations are therefore likely to become a widespread phenomenon. Old conceptions of the monolithic undertaking will have to give way all the more rapidly to modern conceptions of the undertaking as a pluralistic whole with complex objectives that can best be served by co-operation between the component parts on the basis of their relative autonomy, these parts being the various functional sectors and interest groups each retaining its own structure and values.<sup>1</sup> Managers of industrial undertakings and other employing units must learn even more thoroughly that social policy in the broadest sense of the term is of no less crucial significance to the success of the unit than its technical and commercial policy.

Consequently, research and a scientific approach will be just as important in the preparation, testing, correction and development of a

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<sup>1</sup> See, for example, F. FÜRSTENBERG: *Wirtschaftssoziologie* (Berlin, 1961), pp. 52 and 62; J. G. MARCH and H. A. SIMON: *Organizations* (New York, John Wiley & Sons, 1958), p. 121; M. HAIRE: "The concept of power and the concept of man", in G. B. STROTHER *et al.*: *Social science approaches to business behavior* (Homewood, Illinois, Dorsey Press, 1962), p. 163; W. BROWN: *Explorations in management* (London, Heinemann, 1960), pp. 232 ff.; R. DAHRENDORFF: *Gesellschaft und Freiheit* (Munich, 1963), p. 161; W. S. ROSS: "Organized labour and management", in *Human relations and modern management* (Amsterdam, 1958), p. 101; L. VAN OUTRIVE: "Deelname aan de macht in de onderneming", in R. F. BEERLING *et al.*: *Arbeid, vrije tijd, creativiteit* (The Hague, 1964), p. 64; LIKERT, *op. cit.*; and F. VOIGT and W. WEDDIGEN: *Zur Theorie und Praxis der Mitbestimmung* (Berlin, 1962).

social policy as they already are at the technical and commercial levels.<sup>1</sup> The trade union movements in the various countries concerned will also have to reorient their policies substantially so as to improve their position vis-à-vis their members and the employers at a time of abundance and individualisation.<sup>2</sup> This will become necessary as larger groups of persons are enabled, within their own field, to compose individually appropriate combinations of part-time jobs.

A third question posed by the Veldhoven experiment is none the less intriguing because it is mentioned last. What may be the effect of the experiment for workers in general and for society? To the individual worker such a development brings the opportunity for more intrinsic freedom and independence while doing a given job with a given employer, and also the opportunity to play a more varied role in society and to achieve greater self-expression.<sup>3</sup>

It is not possible, within the limits of the present article, to go into the opportunities and risks of this perspective, which may only be described here as a challenge to the individual citizen to seek with fresh zeal an appropriate development of his personality, his ideas and his social and political responsibility.

This kind of social reality may already be discerned on the horizon as perhaps the most likely to emerge in the not too distant future.

<sup>1</sup> See, for example, BENNIS, op. cit., pp. 179 ff.; and VAN ZUTHEM, op. cit.

<sup>2</sup> See W. ALBEDA: "Vakbeweging in een veranderende wereld", in *Evangelie en Maatschappij* (Utrecht), Sep. 1960, Nov. 1960, May 1963 and Mar. 1965; P. J. A. TER HOEVEN: *Arbeiderprotest en vakbeweging* (Leiden, 1963); I. P. VAN LEERDAM, J. G. LULOFS, C. POPPE and H. WALLENBURG: *Vakbeweging in beweging* (Meppel, 1964); C. POPPE: "De vakbond in het bedrijf", in *N. I. O. Bo-kwartaalbericht* (Breukelen), 8th Year, No. 32, 1966, p. 15; M. VAN DE VALL: *De vakbeweging in de welvaartsstaat* (Meppel, 1963), pp. 102-103; and *Vakbeweging en onderneming* (The Hague, A.N.M.B.-Publikatie, 1965), pp. 18 ff.

<sup>3</sup> See, for example, R. F. BEHRENDT: *Dynamische Gesellschaft* (Berne, 1964); FOURASTIER, op. cit.; E. FROMM: *The sane society* (New York, Rinehart, 1956); and E. ZAHN: *Leven met de welvaart* (Amsterdam, 1962).

## CURRENT INFORMATION

### **Act respecting prices and price control in Yugoslavia**

In March 1967 the Yugoslav Federal Assembly adopted an Act respecting prices and price control. In accordance with the economic reform, prices are now to be governed by a freer interplay of market forces. A general price policy is laid down in the economic and social plans, but within this framework undertakings are given considerable independence in the matter. Any external influence on prices is to be exercised indirectly, that is by economic measures. Only when these fail to produce the desired results will direct price fixing be resorted to as a short-term measure. When prices have to be thus controlled, this will be done not by administrative bodies but by the executive councils and local assemblies responsible for the implementation of economic and social plans.

When the Act was being drafted it was suggested that a definite date should be set for abandoning the system of maintained prices. However, it was finally decided that this was not feasible, since the freeing of prices would depend on economic factors that could not be determined in advance; the right market conditions would have to be created first. Appropriate measures (dealing with credit, foreign exchange and foreign trade, etc.) have been adopted to this end.

### **Act on the training of seafarers in Denmark**

An Act on the training of deck officers (navigators), deck ratings,

cooks and stewards, engine-room personnel and radio operators was signed on 15 March 1967. It defines the functions of the public authorities in connection with training for the merchant navy. An advisory committee on training is to be established consisting of representatives of all the interested organisations in the shipping and fishing industries. A separate Act lays down in detail the composition of the advisory committee: the chairman and one other member are to be appointed by the Minister of Commerce, five members are to be elected by the shipowners' organisations and five by the seafarers' organisations.

Training in the various establishments—private and public—includes both theoretical education and practical work on board training ships and ordinary merchant vessels. Retraining courses may be established by decision of the Minister of Commerce, who is to lay down rules governing financial assistance to trainees. Provision is also made for special courses for maritime instructors.

The Act reflects modern ideas on the organisation and co-ordination of maritime training facilities, and on standards and methods of training.

(Texts Nos. 70 and 71, in *Lovtidende A*, 1967, No. IX, pp. 427-430.)

### **Amendment of the Placement and Unemployment Insurance Act in the Federal Republic of Germany**

The seventh Act to amend the Placement and Unemployment Insur-



ance Act<sup>1</sup> was promulgated on 10 March 1967. This Act, which came into force on 1 April 1967, makes the following main improvements in unemployment insurance benefits:

Unemployment benefit is increased by roughly 15 per cent. The rate is raised from 55 per cent. of the reference wage to 62.5 per cent. for a bachelor.

In keeping with the increase in unemployment benefit, the rate of unemployment assistance for a bachelor has also been increased, from 45 per cent. of the reference wage to 52.5 per cent.

Family bonuses have been increased from 9DM to 12DM per dependant per week, and in future family allowances under the family assistance scheme will be paid in addition to the family bonuses.

The maximum rate of unemployment benefit and unemployment assistance has risen from 70 to 80 per cent. of the reference wage for a married beneficiary with two dependent children.

Short-time benefit and temporary lay-off compensation have also been increased. Together with bad-weather compensation, these benefits now amount in all to 60.5 per cent. of a bachelor's reference wage.

A new benefit has been introduced, in the form of a maintenance allowance amounting to 120 per cent. of the unemployment benefit. It is awarded to those taking part in vocational training schemes and programmes which either alone, or combined with some other occupation, take up so much of their time that they are not available for placement. This allowance is also payable to persons mentally or physically handicapped who

are in receipt of aid designed to preserve, improve or restore their earning capacity, financed by the Federal Institution for Placement and Unemployment Insurance. Any income accruing to the beneficiary in the course of his rehabilitation or vocational training is deducted from the maintenance allowance. Throughout the training courses and programmes, those taking part are covered by sickness insurance, and occupational accident and disease insurance.

There has been a considerable extension of the assistance available, whether in loan or grant form, to persons who have remained unemployed over a long period to find employment. Such assistance is now granted to all job seekers who have proved difficult to place in the normal employment market, above all the elderly and the handicapped. The rate of assistance has now been increased from 50 to 60 per cent. of the wage laid down by collective agreement or, in the absence of a collective agreement, of the standard wage in the occupation and district concerned. Previously available for a period of 26 weeks, it may now be granted for a maximum of two years.

(*Bundesgesetzblatt*, Part I, No. 14, 16 Mar. 1967, p. 266.)

### **New social security scheme in Mauritania**

Under an Act of 3 February 1967 to repeal all previous legislation on the subject<sup>1</sup> a social security scheme has recently been introduced in the Islamic Republic of Mauritania.

The provisions of this Act, which codifies existing measures and came into force on 1 January 1967, are summarised below.

<sup>1</sup> See I.L.O.: *Legislative Series*, 1957—Ger. F.R.3 ... 1960—Ger. F.R.4.

<sup>1</sup> See *International Labour Review*, Vol. LXXXIX, No. 6, June 1964, pp. 613-615.

The new scheme applies to workers covered by the Labour Code and the Merchant Shipping Code without distinction as to origin, race, nationality or sex, provided they are employed mainly within the national territory of Mauritania; to state employees not covered by the civil service scheme; to pupils in vocational schools and to trainees and apprentices, even if unpaid, on the terms laid down by an order of the Minister of Labour. Details concerning the extension of the scheme to cover casual and temporary workers will be issued later in a ministerial order on the recommendation of the committee of management of the fund. A decree will define the conditions of voluntary insurance with particular regard to persons who, although affiliated for at least six consecutive months, no longer qualify under the new scheme.

Benefits under the scheme will be granted in cash or in kind according to circumstance.

#### FAMILY BENEFITS

Family benefits include pre-natal allowances, birth grants, family allowances and daily maternity allowances, and also help for the mother and her infant in the form of various material provisions. They are awarded to all workers covered by the scheme who have one or more dependent children and have worked for 18 days or 120 hours per month for a wage equal to not less than the guaranteed minimum interoccupational wage (S.M.I.G.).

A *pre-natal allowance* is granted to a female wage earner or the wife of a wage earner for the nine months of pregnancy, provided that the pregnancy is notified during the first three months and that the woman undergoes three periodic medical examina-

tions in the manner prescribed by ministerial order.

The *birth grant* is made on the birth of each of the first three children of a first marriage, or of a subsequent marriage, provided that the death of the first spouse has been duly notified. Payment of benefit is contingent on a medical certificate of confinement and official registration of birth, except in cases where compliance is impossible. The conditions governing such exceptions will be fixed by regulation.

*Family allowances* are granted in respect of each dependent child from birth until the age of 14, or, where a child is an apprentice or a student or is incapable of gainful employment by reason of physical or mental infirmity, up to a maximum age of 21. The term "child" is to be understood to mean any legitimate, legitimated or recognised child, or orphan under guardianship. The grant of family allowances, like the birth grant, is contingent on official registration of birth and, in addition, on regular attendance at an educational or vocational training establishment.

All wage-earning expectant mothers are eligible for the *daily maternity allowance*, provided that they have been registered with the fund for 12 months before the estimated date of confinement and that they have worked 54 days or 360 hours in the three-month period preceding cessation of work. Payment of the allowance is contingent on the complete interruption of paid employment for a period of 14 weeks, six before and eight after confinement. The allowance is payable even where the medical officer or midwife miscalculates the probable date of confinement.

The daily maternity allowance rate is equal to half the average daily

wage, obtained by taking the total contributory remuneration earned by the insured woman during the three calendar months immediately preceding interruption of work and dividing this amount by 90. The conditions and methods of awarding payment in kind ("medical care, welfare foods for mother and child") are laid down by ministerial order issued on the recommendation of the committee of management of the fund.

#### INDUSTRIAL ACCIDENTS AND OCCUPATIONAL DISEASES

Industrial accidents include all injuries sustained during or on account of work, during travel between the worker's domicile and his regular eating place or the wages office and the workplace, provided that the journey is not interrupted or the route altered for personal reasons unrelated to the worker's employment. The same provisions apply to injuries sustained during travel at the expense of the employer. Occupational diseases, to be listed by decree in accordance with the list of jobs, manufacturing processes and occupations entailing the handling and use of noxious substances or carried out in conditions such as to expose workers to the risk of contracting such diseases, are assimilated to industrial accidents.

Apart from first aid, which is the exclusive responsibility of the employer, benefits provided at the expense of the fund include medical and surgical treatment, radiography, laboratory examinations and analyses, the supply of medicines and accessories, hospitalisation or stay in a medical centre, the supply, repair and replacement of prosthetic appliances required as a result of the accident and certified as necessary by a medical practitioner nominated or approved by the fund, expenses arising out of the

treatment or the functional or vocational rehabilitation and resettlement of the injured worker.

In the case of temporary incapacity, the wage for the day of the accident is payable by the employer. From the first day following cessation of work, and without any distinction between week days, public holidays and Sundays, the worker is entitled to a daily allowance equal to two-thirds of his average daily wage, calculated on the same basis as a maternity allowance.

Where there is total permanent incapacity that has been duly attested, the worker is entitled to a pension equal to 85 per cent. of his average monthly remuneration. Partial permanent incapacity entitles the worker to a pension proportionate to the degree of incapacity, based on the pension payable in the event of total incapacity. Where the degree of incapacity is under 15 per cent. the pension is replaced by a lump-sum payment equal to three times the proportion of the pension corresponding to the degree of incapacity of the worker.

In the case of a fatal accident, the survivors are entitled to pensions and to a grant in respect of funeral expenses. The funeral grant is equal to 30 times the daily remuneration that is used as a basis for calculating daily allowances. A survivor's pension is calculated as a percentage of the basic wage used in calculating a permanent incapacity pension, as follows: widower or widow, 20 per cent. (divided into equal parts, where there is more than one widow); for each child with one surviving parent only, 10 per cent.; for each full orphan, 15 per cent.; for each dependant, 10 per cent. The total survivors' pensions may, however, in no case exceed the total incapacity pension to which the injured worker was or would have been entitled. Where such would



be the case, each pension is proportionately and definitively reduced. A widow who remarries loses her pension.

#### OLD-AGE PENSIONS

The insured worker aged 60 (in the case of a woman, 55) is entitled to an old-age pension, provided that he has been registered with the fund for 20 years, that he has paid contributions for not less than 60 months in the course of the ten years before reaching pensionable age and that he has ceased wage-earning employment entirely. However, a worker aged 55 (50 for women) who is incapable of any gainful employment by reason of premature diminution of his physical or mental powers, and who at the same time fulfils the other conditions of affiliation and contribution, may become eligible for an early retirement pension under conditions to be laid down by ministerial order. Both the old-age pension and the early retirement pension are payable from the date on which conditions regarding age are fulfilled, provided that a request to that effect has been made to the fund within six months of that date; if this time limit has not been complied with, the pension is payable from the first day of the calendar month following the date on which the request was received. If the insured person has paid insurance contributions for a minimum of 12 months, and fulfils the age qualification and has ceased all wage-earning activity but has not complied with the other conditions, he receives an allowance in the form of a single lump-sum payment.

#### INVALIDITY PENSIONS

To qualify for an invalidity pension, an insured person must have suffered, as a result of illness or an accident other than industrial, a per-

manent impairment of his physical or mental powers, duly certified, such as to render him incapable of earning more than one-third of the remuneration of a similarly qualified worker. An insured worker who thus becomes incapacitated before reaching the age when he would be eligible for a retirement pension is entitled to an invalidity pension, provided that he has been registered with the fund for a minimum of five years and has contributed for six months during the 12 calendar months preceding the beginning of invalidity. If, however, invalidity results from an accident, the only condition is that the insured worker shall previously have been in paid employment covered by an insurance scheme and have been registered with the fund before the date on which the accident occurred.

The commencement date for the disability pension corresponds either to the date on which the wounds heal or on which the worker's condition is stabilised; or, alternatively, to the date at the end of the sixth consecutive month of disability, if, according to medical opinion, the worker is likely to remain incapacitated for a minimum period of six months. The pension is always awarded on a temporary basis, is liable to review, and is replaced by an old-age pension of the same amount once the person reaches the age of 60 (55 in the case of a woman).

#### PROVISIONS APPLICABLE TO BOTH OLD-AGE AND INVALIDITY PENSIONS

The sum payable as old-age or invalidity pension, as early retirement pension or old-age benefit is computed on the basis of the average monthly wage, defined as one-thirty-sixth or one-sixtieth of the remuneration on which insurance contributions have been paid over the last three or

five years of the insured person's working life. The period chosen must always be that which is most advantageous to the insured person.

The number of years which make up the difference between the age at which a worker qualifies for the old-age pension and the age at which he is granted an invalidity pension are assimilated to periods of insurance at the rate of six months per year. The total amount of pension (old-age pension, invalidity pension and early retirement pension) may in no case be less than 60 per cent. of the S.M.I.G. and is equivalent to 20 per cent. of the average monthly wage plus an additional 1.33 per cent. in respect of each insurance period over and above 180 months, with a ceiling of 80 per cent. of the worker's average wage. The old-age or invalidity pension may be awarded in addition to family allowances. The old-age allowance is equivalent to the number of 12-month periods during which the worker has been insured multiplied by his average wage. If the recipient of an invalidity pension requires the constant care and assistance of a third person for his everyday living, his pension is increased by 50 per cent. The amount of such increase may not be less than the highest S.M.I.G. obtaining in the country.

#### **SURVIVORS' PENSIONS**

The survivors of the recipients of the pensions described above or of insured persons who, at the time of death, qualified for such pensions or had paid insurance contributions for not less than 180 months are entitled to survivors' pensions. Survivors include: widows aged 50 years and widows who are duly certified as incapacitated or disabled, provided that their marriage took place not less

than one year before the death of the insured person or, failing that, that a child has been born of the marriage or that the widow is expecting a child at the time of her husband's death. Survivors also include a disabled widower dependent on his insured wife at the time of her death and any children considered dependent for purposes of family allowances. Survivors' pensions are scaled according to the old-age, invalidity or early retirement pension to which the insured person was or would have been entitled at the time of his death, at the rate of 50 per cent. for the widow or widower, 25 per cent. for each fatherless or motherless child, and 40 per cent. for each full orphan, the amount of pension in the latter two instances not to be less than that of the family allowances. If the insured person was not eligible for a pension and had paid less than 180 months' contributions, his widow receives a lump-sum payment calculated as follows: the monthly old-age pension to which the insured person would have been entitled, had he paid 180 months' contributions, is multiplied by the number of 10-monthly periods during which he did in fact pay contributions. In addition, family allowances continue to be paid in respect of surviving children.

#### **MISCELLANEOUS PROVISIONS**

The qualifying period for benefits is deemed to include any period during which the insured person was in receipt of a daily occupational risk allowance or maternity allowance, or paid annual leave, or any officially compensated period of absence.

The term "insurance month" is to be understood as any month in the course of which the insured person has worked for not less than 15 days and received a wage equivalent to

not less than half the S.M.I.G. Annuities and pensions are paid in monthly instalments and actual payment is made once a month or once a quarter depending on the region and on the arrangement made by the committee of management. Pensions and annuities must be claimed within five years; daily allowances must be claimed within two years.

#### FINANCIAL AND ADMINISTRATIVE ORGANISATION

The new social security scheme is financed by employers' contributions based on the total remuneration paid to the employees, including all bonuses, allowances, gratuities, commissions or other perquisites in cash and the value of perquisites in kind excepting only those corresponding to the reimbursement of expenses. The rate of contributions for each branch is prescribed by decree as a percentage of remuneration (with a maximum rate of 9 per cent. for pensions). Contributions in respect of family benefits and employment injury are wholly paid by the employer while those in respect of pensions are divided between the employer and the worker, provided always that the latter is not asked to pay more than 50 per cent. of the total contribution.

The total contribution thus payable by the employer is increased by 1.5 per cent. for every month or fraction of a month for which payment is overdue; this increase is to be paid at the same time as the normal contribution, which is safeguarded by a right of distraint on the debtors' movable and immovable property. The relevant department of the fund is responsible for verifying the financial operations and actuarial assessment of each branch at least every other year and, if necessary, readjusts the contribution rate where the budget is unbalanced.

During the first three years of operation of the pension scheme, however, these verifications and assessments will be carried out by the committee of management of the fund at the end of each half-yearly period.

The fund set up to manage the social security scheme is a state establishment with a corporate legal personality and financial independence, under the supervision of the Minister of Labour. It is administered by a committee of management composed of 15 members appointed by decree, with equal numbers of employers', workers', and government representatives; the employers' and the workers' representatives alone have the right to vote. Members hold office for a renewable, four-year term. The decisions of the committee of management are carried out under the supervision of the following officers: the Chairman, Vice-Chairman and two other members, one nominated by the employers' representatives and the other by the workers' representatives. Powers may be delegated to these officers to take certain decisions lying within the competence of the committee of management, or in emergencies.

The committee of management has the power to set up various committees and must, in particular, appoint a technical committee composed of three members, whose main function is to scrutinise and verify the fund's activities and accounts and to make an annual report. This report is to contain proposals on technical measures designed to improve the working of the fund. A Director-General and a Treasurer, both appointed by decree, are responsible for running the fund. The Treasurer has to deposit a sum of money as security. The Director-General may also have the assistance of a Deputy Director-General ap-



pointed by order of the Minister of Labour on the proposal of the committee of management. The staff of the fund are governed by the legislation and regulations applying to state employees.

(Act No. 67-039 of 3 February 1967 establishing a social security scheme in the Islamic Republic of Mauritania, in *Journal officiel de la République islamique de Mauritanie*, No. 202-203, 22 Mar. 1967, pp. 93-104.)

### **Changes in family allowances in Upper Volta**

A certain number of changes are made in the family allowance scheme in Upper Volta by a decree dated 11 March 1967. These changes spring from the disturbing financial situation in this branch of social security.

The decree abolishes the workers' home allowance, that is the birth allowance granted for each of the worker's first three children by his first wife. This allowance was fixed at a total of 7,200 francs for the first child and 3,600 francs for the two subsequent children. The changes also include a reduction in the amount of the maternity allowance payable throughout the nine months of pregnancy: it is now 3,150 francs instead of 6,300 francs.

Furthermore, a limit is imposed regarding the number of children qualifying for family allowances (six children).

It should be emphasised that similar limits have already been introduced over the past ten years in several other African countries: six children in Morocco, four in Tunisia, and six in Togo in the case of polygamous families.

This reform is supplemented by an ordinance of the same date which considerably increases the grant paid

to female employees during maternity leave.

According to this ordinance, which modifies article 123, paragraph 5, of the Labour Code, a female employee is entitled to receive, during her maternity leave, confinement expenses and medical care as well as her full wage and the benefits in kind to which she was entitled when she ceased work. The benefits in kind and half the wage are to be met by the employer, while the cost of the confinement and medical treatment and the other half of the wage are paid out of the Social Welfare Fund.

(Decree No. 67-57 PRES. DTMO. of 11 March 1967 and Ordinance No. 67-16 PRES. DTMO. of 11 March 1967, in *Journal officiel de la République de Haute-Volta*, 30 Mar. 1967, p. 190.)

### **Retirement pension scheme for certain doctors in Belgium**

A royal order dated 16 March 1967 to introduce a social benefits scheme for certain doctors was promulgated on 24 March 1967.

The scheme is designed to provide a retirement pension, a survivor's pension (for widows), an invalidity pension, or a combination of more than one of these pensions. The intended beneficiaries are doctors who enter into a contract with a sickness insurance fund; the National Sickness and Invalidity Insurance Institute then makes an annual payment of 7,500 francs, provided that the doctor pays at least as much. These contributions are paid to an approved insurance institution chosen by the doctor.

This royal order follows the agreement reached by the medical mutual insurance committee on existing medical contracts.

(*Moniteur belge*, No. 58, 24 Mar. 1967, pp. 3000-3001.)

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International Labour Conference, 52nd Session, Geneva, 1968. Report IV (1): **Improvement of conditions of life and work of tenants, share-croppers and similar categories of agricultural workers.** Geneva, 1967. 44 pp. \$0.75; 5s. 3d.

This report contains a summary of the proceedings of the 51st (1967) Session of the Conference relating to the improvement of conditions of life and work of tenants, share-croppers and similar categories of agricultural workers, an item included in its agenda for a first discussion; it also contains the proposed text, prepared by the Office on the basis of the Conclusions adopted by the Conference. The text—a draft Recommendation—is now transmitted to governments of member States so that they may submit amendments or comments, which, together with the revised text, will serve as a basis for the second discussion by the Conference at its 52nd (1968) Session.

**Human resources for industrial development. Some aspects of policy and planning.** Studies and Reports, New Series, No. 71. Geneva, 1967. 237 pp. \$2.50; 17s.

This volume is a collection of papers prepared by the I.L.O. for an international symposium planned by the newly established United Nations Industrial Development Organisation to follow the series of regional symposia held in 1966. The purpose of the papers is to identify some of the major manpower and social problems encountered by developing countries in the process of industrial development, and to discuss action that

needs to be taken both at national and at international levels if these problems are to be solved.

Part I of the volume, entitled “Manpower for industry”, comprises four papers devoted to problems of training and utilising manpower for industrial development. Part II, entitled “Other policy issues”, likewise contains four papers (social participation in industrial development, employment aspects of industrialisation, progressive industrial technology in developing countries, and wages and industrial development).

Action needed to deal with the manpower and social problems of industrial development has, of course, mainly to be taken in the countries concerned. But some forms of international action can contribute to the solution of these problems, and it was considered appropriate, in papers prepared for discussion at an international symposium, to devote special attention to the possibilities that exist for useful international action. Three types of action can contribute to national policies for industrial manpower: (a) provision of advice, equipment and qualified technical personnel under technical co-operation programmes, bilateral and multilateral; (b) financial assistance; and (c) joint action by developing countries themselves sharing common problems. In connection with the first of these types of international action, some information is given about ways in which the I.L.O. is equipped and ready to help member States on request in dealing with the manpower and social planning of industrial development.

## BOOK NOTES

ASSOCIATION NATIONALE POUR LES MUTATIONS PROFESSIONNELLES EN AGRICULTURE (A.M.P.R.A.). *Eléments pour une politique des mutations professionnelles en agriculture*. Preface by Edgar FAURE. Paris, Editions de l'Epi, 1967. 182 pp.

This book consists of a series of papers presented at a symposium organised in March 1966 by the National Association for Occupational Changes in Agriculture (A.M.P.R.A.). The central theme—an active policy for occupational changes and employment—brought together farmers' and farmworkers' leaders, officials, experts, agronomists and social psychologists.

In the preface Edgar Faure, Minister of Agriculture, raises the problem of the general direction agriculture is to take and the future of the agricultural economy as regards its basic structure (a large class of agricultural wage earners, a system consisting predominantly of owner-farmers, or a mixture of the two). He is in favour of a system based on unitary or family farms owned by the farmers themselves.

In the introduction Claude Tapia describes the various developments that have made the public authorities aware of the agricultural problem and led them to undertake the rapid reorganisation of the whole agricultural economy in order to facilitate the painless entry of French agriculture into the European Economic Community, when the time comes.

The first part of the book is devoted to general, informative papers, mainly of an economic and sociological nature, on changes in agriculture and the consequences of these changes: the process of change and the reduction of the active agricultural population, return on capital and the abandonment of agriculture, the rural exodus and the land tenure problem.

In the second, more important part factors that could lead to an active policy for occupational changes and employment are studied. There is a particularly interesting paper by Michel Rolant on structural reform, in which the author

rightly emphasises that the development of the agricultural sector cannot take place without an active policy for occupational reconversion.

The machinery for carrying out the policy is the subject of the third part. First and foremost, there are the farmers' unions, which help to adapt agriculture to modern society and familiarise people in the villages and parishes with economic realities by getting them to take part in various measures such as the reorganisation of land tenure, group agriculture, occupational changes, and changes in types of farming. The farmworkers' trade unions also have a part to play, for they help to prepare a man for possible occupational advancement.

The discussions on these themes helped to identify various difficult problems, incompatibilities and, indeed, contradictions—without, however, offering solutions. But it must not be concluded that the discussions were of no use or that the symposium was pointless. On the contrary, the diagnosis of ills is in itself an achievement, since it may lead to the discovery of the right remedy. The remedy consists in making the machinery for action more effective. Among the measures proposed are: better information of farmers on the possibilities and requirements of economic growth, standardisation of training to adapt it to the special needs of the rural population, priority for the credits required for agricultural occupational changes, and, lastly, the separation of measures dealing with occupational changes from those concerned with structural reform.

The National Association for Occupational Changes in Agriculture must be congratulated for having brought a question of burning topicality before the conscience of the public authorities. The activities of the Association and the excellent relations it maintains with farmers' and workers' unions and with the public authorities make it the spearhead in the campaign for an active policy for occupational changes in agriculture.

P. G.



BELSHAW, Michael. **A village economy. Land and people of Huecorio.** New York and London, Columbia University Press, 1967. xxiv+421 pp. Bibliography, glossary, index.

The Institute of Latin American Studies in Columbia University has as one of its major objectives the preparation of a limited number of North Americans for scholarly and professional careers in the field of Latin American studies; and one of the measures being taken towards this end is an active programme of research by graduate students and by visiting scholars. Some of the results of the research programme are published by the Institute in a series, of which the present work is the second volume.

The author is Associate Professor of Economics at Hunter College in the City University of New York. The research for this study was undertaken during four separate visits to Mexico by a team under his leadership, starting with an exploratory trip in 1960. It is pointed out in the book that intensive studies of small communities and peasant societies have been conducted in the past mainly by anthropologists and have therefore thrown little light upon economic factors such as employment and unemployment, capital accumulation, concepts of entrepreneurship, investment criteria, and so on. It was with the object of providing some of the answers to questions on such economic matters that the study of Huecorio, a small agricultural settlement in the highlands of Central Mexico, was made.

In a chapter on land the system of land tenure, including the size of holdings, is described in some detail. The author concludes that there is an acute shortage of land and that the "ejido" system, or ownership of lands by the community, has led to neglect of good soil conservation practices. To the credit of the "ejido" system, however, it is claimed that it has been effective in preventing the rise of separate classes of landlords and tenant farmers.

The labour force is considered, and such factors as education and literacy, occupational structure, conditions of em-

ployment and rates of earnings are dealt with. Underemployment is analysed by type and degree. A separate chapter describes types and conditions of entrepreneurship and draws certain conclusions on how entrepreneurship may be encouraged.

After examining levels and standards of living by such criteria as health and nutrition, housing, and income, the author devotes a section to rural welfare, concluding that there is no future in agriculture owing to the poor quality of the land. Some alternatives to agricultural employment are then considered.

R. J. W.

BENAIN, Marc, and CARRON, Jean-Claude. **Comment choisir votre politique des salaires.** Collection de l'Association nationale des directeurs et chefs de personnel (A.N.D.C.P.), No. 4. Preface by S. VALLÉE. Paris, Les Editions d'organisation, 1966. 356 pp. Bibliography, charts, diagrams.

The main purpose of this book, which is devoted to remuneration problems in the undertaking, is to provide administrators of personnel departments with a working instrument bringing these problems within the scope of the general policy of the undertaking and restoring them to the national economic and social context. The authors first arrange and clarify the essential ideas concerning wages and pay. They hold that the wage expresses the level of remuneration for work and that remuneration represents purchasing power.

In order to trace the development of the wage concept, they first review economic theories on wages, referring briefly to those who have recommended or practised some particular theory (such as Henry Ford) or who have given a detailed description of one (such as Jean Fourastié). They follow this with a legal account of the contract of employment, emphasising the importance of the written contract and recommending employers to use it. Consideration is then given to the precise measurement of working time, and there is a detailed description of the various

measuring instruments used, ranging from the clock to tables of standard times, with a discussion of time study and an analysis of some of the psychological aspects of time-fixing (particularly measurement by time study methods).

Chapter IV is devoted to pay structure. The authors look at it from the point of view of the employer and make a distinction between the direct and the indirect wage. The direct wage includes the wage representing the work carried out, the wage attached to the particular status of the worker (annual leave and other paid absences), the reimbursement of expenses and compensatory payments (notice of dismissal, payment on retirement). The indirect wage covers the expenses incurred by the undertaking on behalf of the staff (social security and social services) considered from the point of view of the employer and of the wage earner.

Various individual and collective wage systems are then considered in their technical and practical aspects. The detailed presentation of a very great number of individual wage systems in which pay depends on output is followed by interesting general conclusions on the adaptation of the man to his work, the adaptation of the work to the man and the adjustment of the man to the undertaking and his workmates. Collective wage systems are divided into two classes, according as the pay relates to a shift or homogeneous workshop or covers a whole, complex production unit. In respect of the second class, there is a detailed description of several systems (for example participation in productivity increases, and participation in the prosperity of the undertaking).

In the next chapter, dealing with levels of pay, the authors demonstrate how to establish the "level of the total cost of pay, that is to say the total of expenses incurred on behalf of the staff". They do not restrict themselves to this general approach; they also undertake a study of ways of determining "the relative level of pay of each member of the staff of the undertaking" on the basis of French experience. The analysis, which is sometimes empirical, is supported by

charts and graphs, and the chapter ends with an assessment of the various doctrines relating to certain problems of national interest, such as retirement schemes.

Chapters VIII and IX continue the argument by dealing successively with the pay of two groups of wage earners whose usefulness and importance are increasingly claiming attention: staff who take part in the manufacturing process only at isolated moments and who contribute no value added to the units of production, a group whose very varied composition (workers, engineers and certain supervisors) produces a complex situation, and, on the other hand, other supervisors and executives, whose functions increasingly enable them to influence the policy of the undertaking relating to marketing, finance, staff and research.

The authors then raise the question "who fixes individual wages?" and endeavour to identify the various persons responsible for this function and those carrying it out or assuming an important share of responsibility for it. The "model organisation" that they propose makes it possible to define the role and scope of these persons. This model, as the authors conceive it, can be adapted to the type and size of the undertaking and be modified accordingly. In the last chapter the authors mention certain criteria by which they believe a pay system is considered good or bad by the staff. If it is to be considered good it must be adequate, fair and appropriate. These three qualities lead to a study first of the general level of pay in the undertaking from the dual point of view of the minimum wage and the satisfaction of the individual's requirements, secondly of the fairness of the methods of distributing the total wage, and lastly of the adaptability of methods of pay, which must follow the evolution of the techniques employed in the undertaking. The general conclusions of the book are to the same effect.

Despite the technical and practical nature of certain chapters, the exposition is clear and its value is enhanced by copious illustrations and a selected bibliography.

A. B.



CASSESE, Antonio. **Il controllo internazionale sul rispetto della libertà sindacale nel quadro delle attuali tendenze in materia di protezione internazionale dei diritti dell'uomo.** Estratto dal volume XII della raccolta "Comunicazioni e Studi" dell'Istituto di diritto internazionale e straniero della Università di Milano. Milan, Giuffrè, 1966. 126 pp. (numbered 293-418).

The increasing attention given to the establishment and operation of international machinery for an effective supervision of the way in which the standards adopted by international organisations are implemented has given rise, during the last few years, to a number of studies in which the existing machinery is examined and certain conclusions are drawn. This is the spirit in which Professor Cassese undertook his penetrating and well-documented investigation into the system devised by the I.L.O. in 1950 (by agreement with the United Nations) for the international protection of freedom of association. He shows how this machinery forms part of the present trend as regards the international protection of human rights, and he describes in detail the two bodies set up to deal with these matters: the Fact-Finding and Conciliation Commission and the Freedom of Association Committee of the I.L.O. Governing Body. He gives close consideration to the legal problems to which the creation of these two bodies has given rise; they can deal even with allegations made against States which are not formally bound by the I.L.O. Conventions on freedom of association. The author then considers and assesses the main aspects of the work of the Freedom of Association Committee, which, as he shows, has come little by little to a point at which it investigates the substance of the complaints made, thus undertaking duties not originally envisaged. He explains what the Committee has done to ensure an impartial examination, unbiased by political considerations, of the complaints it is called upon to examine. He emphasises that in dealing with the 500 or so cases brought before it the Committee

has not restricted itself to the rules set forth in the Conventions on freedom of association; it has also laid down a series of principles which in a broader sense represent a major contribution to jurisprudence in this field. Despite procedural limitations, the work of the Committee has frequently had positive results, and the author concludes that thanks to this machinery—which supplements that concerned with the drafting of Conventions on freedom of association (and in connection with which, as in the case of all international labour Conventions, there already exists machinery for detailed supervision)—the work of the I.L.O. in the protection of trade union rights has been progressively extended. The result is an effective means of inducing States to abide by certain rules of behaviour, even though they may not have undertaken any formal obligations in this regard. For the author, this supervisory procedure represents one of the most important and significant elements in the international protection of human rights.

Professor Cassese's study (in Italian), Book XVI (written by G. von Potobsky and dealing with international labour standards, freedom of association and collective labour law) of the last volume of *Tratado de derecho del trabajo*, published in Buenos Aires under the general editorship of Mario L. Deveali<sup>1</sup>, and a study by C. W. Jenks on the international protection of trade union rights<sup>2</sup> (supplementing this author's important work<sup>3</sup> on the subject, which appeared in 1957) were all published within a few months of one another. They show how keen is the interest in the machinery for supervision at a time

<sup>1</sup> See below (pp. 644-645) a note on this work.

<sup>2</sup> C. Wilfred JENKS: "The international protection of trade union rights", in EVAN LUARD (ed.): *The international protection of human rights* (London, Thames & Hudson, 1967), pp. 310-247.

<sup>3</sup> Idem: *The international protection of trade union freedom* (London, Stevens & Sons Ltd., 1957). See *International Labour Review*, Vol. LXXVII, No. 1, Jan. 1958, pp. 79-80, for a note on this book.



when the adoption, in December 1966, of the international Covenants on Human Rights has made the question of international supervision more than ever the centre of attention.

N. V.

CHEN Cheng. *La réforme agraire à Taiwan*. Taipeh (Taiwan), China Publishing Company, 1966. xv+342 pp. Index.

In Taiwan, as on the Chinese mainland and in most of the countries of South-East Asia, the agrarian problem has always been one of the chief preoccupations. It is due to the scarcity of arable land, constant pressure of population and faulty land distribution. The author traces the way in which agrarian reform has been carried out in Taiwan, where it was initiated in 1949.

Because of the uncertainty prevailing on the island, it was decided not to go too fast, and reform was undertaken by steps. The first step consisted in reducing the rent payable by share-croppers to 37.5 per cent. of the annual income derived from the main crop. This raised the share-croppers' standard of living and increased the number of those who could buy land; it also increased land yields and farmers' incomes and helped in a more general way to stabilise the rural economy.

At that period more than 20 per cent. of the land belonged to the State; this share was made up mainly of estates formerly belonging to private individuals and to the Japanese administration that had been taken over by the Chinese Government when Taiwan was restored to China in 1945. As part of its policy for reducing rents, the Government undertook the second step, which consisted in letting land at moderate rates. This did not give the expected results, however, and it was decided to sell the land to the farmers. The new policy was in full swing by 1951 and was continued successfully until 1958.

The third step was still to be taken. The final aim of agrarian reform was to achieve the ideal, propounded by Sun Yat Sen at the beginning of the twentieth century, of land owned by the person

working it. In 1953 the Government decided to work to this end, but here again it had to go cautiously, for it had to help the share-croppers to become owners without increasing their expenses; it therefore had to grant them loans. At the same time, in order to protect the legitimate interests of the landowners, the latter were allowed to retain a reasonable share of their land and received a fair price for the rest. The compensation granted to the owners in the form of land bonds and stocks in state undertakings secured them against risks of inflation. Moreover, the Government provided incentives to the owners to turn their interest to industry and helped those of limited resources to set up new undertakings.

The agrarian reform programme, concludes the author, has brought about an increase in agricultural production and a very marked improvement in the living conditions of the farmers, whose social level has risen considerably.

Today various aims are being pursued. Efforts are being made to consolidate and extend the achievements of agrarian reform by defending the farmers' interests and also to make the fullest use of the soil in order to derive the greatest benefit from its resources, the methods employed including the development of irrigation, the regrouping of holdings, mechanisation and scientific agriculture. At the same time economic development and the encouragement of industry are not lost sight of.

The second part of the book consists of an appendix containing the full texts of the most important laws and regulations that have led to the success of agrarian reform in Taiwan, as well as statistical tables, reproductions of documents and an alphabetical index.

J. A. D.

CLACK, Garfield. *Industrial relations in a British car factory*. Occasional Papers No. 9 of the Department of Applied Economics, University of Cambridge. Cambridge, University Press, 1967. 100 pp. 17s. 6d; \$3.50.

This volume contains a well-organised and clearly written account of the findings

of a study of labour relations in an automobile assembly plant, carried out over a period of seven months. During a part of that time the author was himself employed as an hourly-paid worker in the plant. With due allowance for the limitations of studies carried out in these conditions—although in this case the research was complementary to a more comprehensive study of labour relations in the automobile industry as a whole<sup>1</sup>—the book gives a vivid picture of the rules and functioning of labour relations in a particularly strike-prone plant. In addition to describing the working environment and the machinery and procedure of labour relations, the author analyses in detail several strikes that he was able to observe personally.

The causes of strike-proneness in this case did not, in the author's view, seem to lie in the technology or the assembly-line nature of the work, for there were very few complaints among the workers on that score; nor could the strikes be attributed to the age structure of the labour force, ideological influences, or militant control by shop stewards. The organisation of labour relations appeared to be characterised by informality, and there were many obscurities and inconsistencies in procedural matters. The strikes observed originated rather in discontent about the wage structure and payments system, which were unsatisfactory in many ways, while the underlying cause was a general insecurity about jobs and earnings, deriving from seasonal and cyclical fluctuations in the industry. Another source of unrest appeared to be the somewhat ambivalent attitude of management towards labour organisation in the plant, and the workers' concern for the protection of trade union functions.

The author understandably avoids drawing general conclusions from such a limited and specific study. E. E.

<sup>1</sup> See H. A. TURNER, Garfield CLACK and Geoffrey ROBERTS: *Labour relations in the motor industry: a study of industrial unrest and an international comparison* (London, George Allen & Unwin, 1967). This book was reviewed in *International Labour Review*, Vol. 96, No. 3, Sep. 1967, p. 338.

DEVEALI, Mario L. (editor). *Tratado de derecho del trabajo*. Volumes III, IV and V. Buenos Aires, La Ley, 1965 and 1966. Volume III: 704 pp.; Volume IV: 728 pp.; Volume V: 762 pp.

The three final volumes<sup>1</sup> of this important treatise on labour law, edited by Professor Mario Deveali, have now been published. Among the various contributions, all written by experts, special mention may be made of a weighty study by Geraldo von Potobsky on international labour standards, freedom of association and collective labour law (*Normas internacionales del trabajo, libertad sindical y derecho colectivo del trabajo*, Volume V, Book XVI, pages 547-721).

After explaining the structure and standard-setting work of the International Labour Organisation, the author of this study deals more specifically with the activities of the I.L.O. in the field of freedom of association. He begins by describing the special procedures and bodies established for the purpose, but the principal merit of the study is that it explains systematically and in detail the principles and standards laid down in respect of freedom of association, not only in international labour Conventions but also in the wealth of case law that the Committee on Freedom of Association has built up in dealing with several hundred cases. Though based on the specific provisions contained in the Conventions on freedom of association, this case law has gone somewhat further and now includes principles covering the various situations that have arisen in this field. The author explains the various aspects of this case law, together with that developed by the Committee of Experts on the Application of Conventions and Recommendations, which meets regularly to examine the application of international labour Conventions. The study deals, *inter alia*, with intervention by the authorities, the single trade union, the most representa-

<sup>1</sup> A note on the first two volumes appeared in *International Labour Review*, Vol. 93, No. 2, Feb. 1966, p. 193.



tive organisations, trade union funds, the protection of trade union officials, the political activities of workers' organisations, trade union rights and public freedoms (the right of assembly and freedom of expression, judicial guarantees in case of arrest, emergency measures). The final chapter, which is devoted to the I.L.O. and collective labour law, deals with collective bargaining and agreements, the right to strike and the settlement of collective labour disputes.  
N. V.

HEALY, James J. (editor). **Creative collective bargaining. Meeting to-day's challenges to labor-management relations.** Englewood Cliffs, New Jersey, Prentice-Hall, 1965. x+294 pp. Index.

Many authors in the labour relations field have in recent years attempted to analyse the challenges facing labour-management relations as a result of environmental changes: technological advances, high unemployment, increased competition, decreased effectiveness and public tolerance of strikes, and growing government intervention in the settlement of disputes. They have tried to show how collective bargaining is adapting itself to these changes, and to estimate its chances of survival as a healthy and dynamic institution. This particular study represents a scholarly approach to these problems, being the result of research carried out by a number of graduate students at the Harvard School of Business Administration.

The major part of the volume is devoted to a very detailed study of the unique solutions reached by a number of different firms and industries in attempting to develop new forms of labour-management co-operation and joint action, outside the traditional collective bargaining process. Some of these approaches have been repeatedly analysed in the relevant literature; others are less well known; but the merit of this particular study is that the authors have, by examining the principles and methods of procedure that appeared to have contributed to the success of these efforts in each case, tried to draw up certain basic guidelines which may be

used as pointers for future action. While the examples given suggest a variety of different approaches that might be considered—joint fact-finding, human relations committees, profit-sharing techniques, and so forth—the cases studied are not presented as patterns to be imitated by firms facing similar problems. On the contrary, the authors warn that solutions must be tailor-made to each situation; they recommend a creative approach based on “an attitude on the part of both parties which is characterised by a mutual determination or commitment to find a more effective way to settle their own union-management differences” (page 283). The first step, as they see it, should be a realistic and objective analysis of the situation and the problems, followed by an equally penetrating analysis of possible solutions. A willingness to create and explore new solutions and to maintain the day-by-day effort needed to make them work are essential elements in the success of such endeavours. All this places a new burden of responsibility on management and union representatives and presupposes an entirely different concept of their relationship from that which prevails in traditional collective bargaining. The authors do not believe, however, that the new techniques proposed should replace collective bargaining, but rather that they should supply a firm, factual basis for free negotiations. As a result, inessential conflict would diminish and the strike would become really the ultimate weapon in cases of serious disagreement rather than being used as an instrument of threat or pressure.

E. E.

HEPLER, Chester W. **Manpower planning for prosperity, 1964-1967.** Taipeh (Taiwan), Council for International Economic Co-operation and Development, 1966. iii+201 pp.

This book consists of a collection of lectures, addresses, magazine articles and official memoranda on manpower planning, the role of manpower statistics, and other related subjects, written by the author while serving as a manpower adviser to the Republic of China. Many



of the papers were used as working documents by the various working groups of the Manpower Resources Committee, the manpower policy formulating and co-ordinating body of the Council for International Economic Co-operation and Development.

The first part explains the necessity for manpower planning. It discusses seven factors that the author considers to be basic in a balanced manpower programme, namely education, training, recruitment, distribution, motivation, utilisation, and stabilisation.

The second part deals with the role of manpower statistics. It emphasises the need for accurate data in order to be able to make reliable forecasts of future labour supply and demand, and considers the important question of data presentation.

Manpower resources and their development are discussed in greater detail in the third part. Suggestions are made concerning the improvement of methods and techniques, especially in education and training; new forms of economic activity; and their evaluation.

In the remaining four parts the author explains what manpower services are, and defines their objectives and their tasks in economic development and manpower planning.

Although most of the papers deal with the more general aspects of manpower problems, some provide specific information on the present manpower situation and the progress made since the inception of a manpower plan in the Republic of China.

C. P.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT. **Manpower aspects of automation and technical change.** European Conference, Zürich, 1-4 February 1966. Final Report (138 pp.) and Supplement (vi+439 pp.). Paris, 1966. \$2; 12s. 6d.; 8 FF; 8 Swiss francs; 6.60 marks.

The first volume consists of the summary report of the multipartite European Conference of the O.E.C.D. on Manpower Aspects of Automation and Technical Change, prepared by P. J. Sadler, together with closing remarks

made at the final session of the Conference, and the conclusions of the Conference, summarised by S. Barkin. The supplement contains the papers submitted by the rapporteurs, selections from the discussants' comments, and a summary of each session.

The Conference was organised by the O.E.C.D. as a follow-up to a North American regional conference on automated jobs held in Washington, D.C., in December 1964. These conferences are part of a broader programme of study of manpower problems, the major aim of which is the promotion of an active manpower policy that would ensure the optimum utilisation and improvement of the quality of the human resources in a country.

I. The introductory paper by André Philip and the four papers comprising Part II of the Conference programme were concerned primarily with defining the nature of automation, with indicating others forms of technical change that lay within the field of interest of the Conference, and with examining the extent to which they had penetrated European industry and made an impact on employment. They contained a large element of speculation and hypothesis as to the probable impact of the new techniques on the economic future of society.

The Conference participants were able to gain greater insight into the nature of automation thanks to the "taxonomy of automation" put forward by E. R. F. W. Crossman, which provides for automated jobs a classification system of considerable refinement. Although it was obviously impossible for the participants to relate their own observations of automation to this taxonomy at short notice, there was general agreement that future debate on the topic would derive considerable value from it. In the meantime discussions were related to the simpler and more customary taxonomies such as that put forward in Philippe Leboucq's paper.

II. The nature of the part played by investment in technical change was explored by K. H. Oppenländer with

reference to post-war experience in the Federal Republic of Germany. He came to the conclusion that today it is the lowering of general costs, the manufacture of new products and economising in labour, and no longer the increasing of capacity as such, that are the major causes for concern. According to this paper, it is the advanced techniques enabling savings to be made both in labour and in capital that are likely to become the most popular in the Federal Republic in the years to come.

In his introductory paper Professor Philip drew attention to the very large-scale expenditure involved in automation, as well as the high capital cost of the equipment needed. In the case of the latter the investment has to be made all at once, as compared with the old days when machines could be made over or replaced one by one. Professor Philip concluded from his analysis that with regard to the advanced technologies large firms are at a considerable advantage and that as a result more and more mergers would take place. In these conditions the medium-sized and small firms will be able to survive and adjust to technological change, but to do so they may have to lose some of their independence and act as subcontractors to large firms or specialise.

Some of the discussants did not fully share these views as to the direction to be taken by future trends, but felt that the new equipment opened up new prospects to recently established small firms, particularly in the technological field. The trend would be towards co-operation between small firms rather than towards actual mergers.

III. The paper by Philippe Leboucq was of great value in that it presented a systematic picture of the penetration of various technological developments that fall under the term "automation" when used in its more general sense. Of course, nothing more than an approximate estimate could be made. At the present stage of policy formulation, however, even approximate estimates are better than none at all. With regard to the question of the probable rate of pro-

gress in the future, the author expressed the view that future trends would depend on the speed with which developments take place in new fields and new uses of automation, but the pace of expansion will not be the same everywhere.

IV. The main theme of the Conference was the direct implications of technological change for manpower, but there were two important topics which had a bearing on the discussions: the implications of technical change for organisation structure and management processes within the enterprise, and the effects of automation on the location of industries. In regard to the first of these, the paper by Joan Woodward discussed in depth the effects of technological development on management and forms of organisation. Referring to a survey carried out in south-east Essex, the author drew attention to the relationship between organisation and the technology characterising the production process. The survey had shown that the type of production (small-batch or unit production, large-batch or mass production, and production on a continuous-process basis) determined the type of new technology chosen and the management structure. This finding furnished the author with a means of predicting the effects of technical progress, and predictions of this kind were in fact made and tested during the latter stages of the survey.

The second topic was dealt with in three papers. J. Paelinck, in discussing the relative merits of rural and depressed industrial areas as sites for automated industries, drew attention to a number of requirements of such industries which determine the suitability of various types of location.

J. M. Unk outlined developments in automatic data processing, coming to the conclusion that the locational requirements of automation are few or none. Manpower factors, both quantitative and qualitative, may in fact prove to be the most decisive. In particular, the considerable requirements of automated industries for high-grade managerial and professional personnel indicate that



such industries must be located either in areas where these people are already available in sufficient numbers or in districts to which they can be reasonably readily attracted.

M. F. Rouge, for his part, was concerned with the effects of automation on urban concentration and the decentralisation of workplaces. He set forth all the factors that play a part in one or other of these trends, drawing attention to the existence of a very pronounced trend towards the linking of urban areas in what he referred to as a "megalopolis". Such developments have caused concern and in several countries have stimulated interest in land development and town planning.

V. The impact of technical changes on job structures and profiles was analysed in a macro-economic report by H. Reinoud, supplemented by a series of case studies. In his report the author drew attention to changes in occupational structure in the manufacturing industries, highlighting the decline in the number of unskilled jobs and the appreciable rise in the number of white-collar jobs. Even among manual jobs various trends may be distinguished, according to him: some tend towards a simplification of tasks, whilst others require increased perceptiveness and the ability to understand and carry out instructions.

F. M. Moll, J. Kruse and J. Urvoy presented under a single heading the results of investigations at the level of the enterprise on the manpower effects of office automation. The general conclusion to be drawn from this material was that automatic data processing will produce no dramatic changes in office employment in the immediate future, and that over the next ten years its main effect will have been to alleviate the widespread shortage of administrative manpower.

Three other papers dealt with the question of occupational structure, but from very different angles. P. Naville approached it from the viewpoint of job evaluation; A. T. Welford examined the possible psychological and physiological effects of work in automated factories; D. L. Limon discussed the ways in which

job content can be determined not solely on the basis of technological considerations but also on the basis of the policy followed by management. It emerged clearly from these papers that the present systems of job classification are out of date. Furthermore, it does not seem possible to adapt a single, general system to the needs of all categories. It would be better to devise a classification for each particular use made of automation and to classify under separate headings everything relating to functions, the requirements of a job in terms of work and educational background, wages and salaries, prospects for transfer and orientation, medical and rehabilitation aspects, the nature of the work, and social and economic factors.

VI. The final group of Conference papers dealt with technical changes and advanced management policies for education. The problems of education that are raised by the current rate of technical progress were clearly stated by W. M. Larke in his paper. The case for a broad, general education as a preparation for life, as well as for employment, was strongly made by L. E. Metcalf. F. Halden analysed the recent reform of the Swedish educational system, and H. Abel described the type of prevocational training that he considered desirable.

Moving away from the schools and into the work situation, the Conference went on to consider questions of vocational training and retraining. N. Tufarelli gave an account of recent Italian experience in this field. W. D. Seymour described methods of retraining workers and ways in which reluctance to accept change had been overcome and co-operation established. The successful achievements described by both authors in the field of vocational retraining are all the more encouraging in that vocational adjustment for adults has become and will remain one of the most difficult aspects of the adaptation of workers to technical changes. The Conference members agreed that a comprehensive programme of preparation for life while at school can be effectively followed up by appropriate vocational training schemes designed to



facilitate the performance of unfamiliar tasks and adjustment to new jobs; it was therefore hoped that economic growth was not doomed to be stifled by a shortage of skilled workers, particularly in production jobs.

VII. In his report on the conclusions of the Conference S. Barkin expressed his satisfaction at the consensus reached on many substantial issues, and the hope that it would "aid individuals and groups in their further reflections" and "help to determine the positive course of study and action needed to use to the best advantage the potentials for improvement in the lot of man and in the participation of individuals in choosing the future course of society at a time when the freedom of choice is being extended".

T. B.

RODRIGUES, Leôncio Martins. **Conflito industrial e sindicalismo no Brasil**. Coleção Corpo e Alma do Brasil, edited by Fernando Henrique CARDOSO, Vol. XVIII. São Paulo, Difusão Européia do Livro, 1966. 222 pp. Bibliography.

This work is divided into three parts: in the first the author highlights certain characteristics of the trade union movement in the highly developed societies of the West as they are today, comparing them with those of trade unionism in the conditions of underdevelopment prevailing in Brazil; the second part deals with strikes in São Paulo, and the third describes the historical background to the trade union movement in Brazil and its bearing on the general problem of the creation of an industrial society in a region on the fringe of the capitalist world.

L. M. Rodrigues' book is the outcome of research into labour disputes and trade union organisation, which he undertook with a view to establishing a sociological pattern in the behaviour of Brazilian workers. The author has approached the above-mentioned topics from this angle, analysing them as part of a broader framework. Thus the workers' organisations are shown to be living organisms, full of contradictions and

bound up with the national community as a whole.

The study reveals the growing importance of the trade unions in the life of industrialised communities and their integration, in some countries, in the ruling hierarchy, a fact which has prompted sociologists to undertake the study of trade unions as institutions and, where appropriate, to analyse their internal structure, their functions and their importance as a factor in social change or equilibrium. The author also examines the institutionalisation of labour disputes and the weakness of the ideological arguments behind the majority of them, reviewing the behaviour of the various social categories of workers in the light of the factors that influence them as members of the community, such as production and consumption.

Especially interesting is his description of the relationship between the Brazilian proletariat and certain strategic factors: the stage of technological development, the relative position occupied by the working class in the system, and the interplay of forces and political pressures in the community as a whole.

The use of the historical reconstruction method has enabled the author to show clearly the various stages in the development of the Brazilian proletariat. In so doing he has evolved a methodological formula appropriate to a study of the problem of labour and trade unionism, which has enabled him even to advocate a reappraisal of the traditional concept of social classes as being engaged in the "class struggle".

Furthermore, in order that the process by which the industrial society of Brazil was formed, and its consequences, may be more clearly understood, the author recommends that the problems of industrialised society be looked at afresh and that political programmes be reassessed in the light of an objective knowledge of the characteristics of Brazilian history.

Bearing in mind that trade unionism and the labour movement have so far not been given much prominence in sociological studies in Brazil, L. M. Rodrigues' work, along with the preliminary studies by Azis Simão, Fernando

Henrique Cardoso, Juarez Brandão Lopes and others, marks the beginning of an important chapter in the history of Brazilian labour sociology.

M. R.

**The Soviet economic reform. Main features and aims.** Moscow, Novosti Press Agency, 1966. 175 pp. 0.70 rouble.

This is a collection of articles, which originally appeared in the Soviet press, dealing with some aspects of economic reform in the Soviet Union. They explain the theoretical basis of the economic reform and describe how current problems are being solved.

An article by N. Baibakov, Chairman of the State Planning Committee, is concerned with problems of scientific planning in the U.S.S.R., the proper combination of sectoral and regional planning, and the increased independence and initiative of individual enterprises. The author shows that the State Planning Committee has now been freed from a variety of secondary tasks and is able to concentrate on major economic problems such as securing correct balances and inter-relationships within the national economy, raising efficiency levels in social production, accelerating the growth of national income, and raising the people's well-being. Special importance is given to a more detailed and thorough preparation of national economic balance sheets, in particular with regard to national income and its utilisation, the manpower supply and its distribution both in the country as a whole and in individual areas, the balance between money incomes and expenditure, the sources and distribution of financial resources, and the supply and utilisation of the more important material resources. The author explains that

the State Planning Committee's task is to improve planning methods, prepare optimum plans and work out variants of plan calculations with the help of electronic data processing. This is essential if plans are to be improved, stabilised and made economically more efficacious. At the same time, he shows that the role of long-term economic plans will grow in the new conditions and that they will form the basis of scientific planning.

L. Gatovsky deals with questions of technological progress. He considers the problems of capital construction, planning, and supplies of materials. An article by Professor Y. Liberman discusses direct commercial ties and profitability. He shows that under the new economic reform enterprises are given the right to accumulate a backlog of orders through direct contact with their customers. But he warns against oversimplification: it must not be thought that an enterprise will have to establish ties with every single buyer or conclude individual contracts in all cases; orders for mass-produced goods must be made through the wholesale-retail and supply sales organisations. Rational ties are not established spontaneously: the process is a part of long-term planning. Direct contract relations will be maintained as a rule in cases of bulk and long-term orders.

The collection also includes an article by V. Sitnin on price policy and other articles on the problems of economic incentives and management under the new economic system. To a certain extent the articles are comments on the major points of the decisions taken by the Central Committee of the Communist Party at its plenary meeting of September 1965, and decisions of the Soviet Government. These are given in a supplement.

V. V. L.

## BOOKS RECEIVED

## Labour relations

AĆIMOVIĆ, Miroslav R. *Bibliografska grada o radničkom samoupravljanju u Jugoslaviji i oblicima učešća proisvodjača u upravljanju preduzećima u drugim zemljama*. Prikazi i anotacije. Belgrade, Institut Društvenih Nauka, 1966. xv+856 pp. Author and subject index.

A comprehensive bibliographical survey of studies, monographs, pamphlets, articles, etc., dealing with workers' self-management in Yugoslavia. Workers' participation in decision-making in other countries is also covered to some extent. There are short abstracts of both published material and unpublished (internal) research papers of various Yugoslav institutes (e.g. Institute of Social Sciences, Belgrade; Sociological Institute, Belgrade; Institute for Social Self-Government, Zagreb; Institute for Sociology and Philosophy, Ljubljana; Trade Union Centre for Workers' Self-Management, Belgrade).

ANKER-ORDING, Aake. *Betriebsdemokratie in Norwegen. Wege zur sozialistischen Gesellschaft*. Translated from the Norwegian and edited by the Sozialwissenschaftliche Vereinigung e. V. Göttingen. Frankfurt-am-Main, Europäische Verlagsanstalt, 1966. 132 pp.

This is a translation into German of a recent study on industrial democracy by a well-known Norwegian author. While dealing mainly with various problems of workers' participation in decision-making in Norwegian undertakings, it also includes a brief review of the recent development of workers' participation in the Soviet Union, Yugoslavia, Israel, various Western European countries, the United States and some developing countries. The author also discusses the problem of industrial democracy in the light of recent documents of various international organisations. In the final

chapters he puts forward suggestions concerning the future development of industrial democracy in Norway.

JACKOWIAK, Czesław. *Zakładowe organy wymiaru sprawiedliwości w sporach ze stosunku pracy*. Poznań, Poznańskie towarzystwo przyjaciół nauk, 1965. 197 pp. Bibliography. Summary in German. 48 zloty.

An exhaustive monograph on the system of settling labour disputes in Polish undertakings. After some introductory remarks on the concept of the labour dispute, its origins and main features, the author discusses the legal provisions on the matter and the problems of implementation that arise in practice. A chapter deals with the structure, functions and operation of the joint committees that deal with labour disputes within the undertaking.

KOLJONEN, Niilo. *Työntekijä ja yritysdemokratia. Sosialismi ja kapitalismi uudessa valossa*. Helsinki, Kustannusosakeyhtiö Tammi, 1966. 342 pp. Bibliography.

A study dealing with recent developments and current problems of management and of workers' participation in decision-making in Finland and other countries. After two introductory chapters on work as a source of personal fulfilment and social status and on capital as a source of welfare and exploitation the author reviews various practical aspects of workers' participation in management (organisation of the enterprise; enterprise and union; wages; profit sharing; the worker as a partner in ownership, etc.). He describes changes in contemporary capitalism and socialism, analyses various national experiences in industrial democracy, including those of the Scandinavian countries, Israel and Yugoslavia, and presents his own proposals for reforms in Finland. The results of an opinion survey carried out by the author in Finnish undertakings are reproduced in an appendix.



RAMSAY, R. A. **Managers and men. Adventures in industry.** Sydney, Ure Smith, 1966. 182 pp. \$3.25; 32s. 6d.

A subjective study of industrial relations, based on the author's personal experiences first as legal adviser and industrial relations officer in a large Australian manufacturing company, then for a number of years as a seaman and later an officer on Swedish and British ships. The emphasis is on the inefficiency of management as a prime cause of industrial discontent.

SMOLYARCHUK, V. I. **Zakonodatelstvo o trudovykh sporakh.** Moscow, Izdatelstvo Yuridicheskaya literatura, 1966. 227 pp. 0.85 rouble.

A monograph edited by the Institute of Political and Legal Sciences of the Soviet Academy of Sciences, dealing with Soviet legislation on labour disputes. The concept of the labour dispute is discussed, and the author then analyses current law and practice in the matter. Special attention is paid to the role of trade unions in undertakings.

#### **Manpower; training**

BASS, Bernard M., and VAUGHAN, James A. **Training in industry: the management of learning.** Belmont, California, Wadsworth Publishing Company; London, Tavistock Publications, 1966. xi+164 pp. References, index.

A short but comprehensive textbook for training officers and instructors in industry, describing, in practical terms, the basic theory and principles of learning and their application to training in industrial occupations. Special emphasis is placed on the techniques of designing training programmes and on the administration and evaluation of such programmes.

JEUSCHEDE, Gerhard. **Die Eignung kaufmännischer Lehrbetriebe zur Berufsausbildung. Beitrag zu einer Theorie der Berufserziehung.** Inaugural-Dissertation zur Erlangung des akademischen Grades eines Doktors der Wirtschafts-

und Sozialwissenschaften. Erlangen, Friedrich-Alexander-Universität, 1966. 219+xxxiii pp. Bibliography.

This doctoral thesis is concerned with defining the criteria by which it may be determined whether an undertaking can offer the requisite facilities for training an apprentice for an administrative or commercial occupation. It covers undertakings of vastly different size, nature and structure (retail shops, wholesalers, industrial firms, banks, insurance companies, etc.). A large part of the book is devoted to an analysis of the development and present position of law and practice and to a general theory of administrative and commercial vocational training.

PETERS, A. J. **British further education.** A critical textbook. Oxford, London, Edinburgh, New York, Toronto, Sydney, Paris, Brunswick, Pergamon Press, 1967. xx+368 pp. Bibliography, author and subject index. 63s.

According to the 1944 Education Act for England and Wales and the similar Acts relating to the educational systems in Scotland and Northern Ireland respectively, the term "further education" includes a wide range of state-aided activities—other than universities—for the education of persons who have left school. Its principal features include part-time and full-time courses for apprentices and other trainees in agricultural, commercial or industrial occupations, and general further education in the arts and sciences. This book contains a review of the historical background, organisational structure and principal programmes of further education, the examination systems, the research done, and an assessment of the system, including a description of recent proposals for improving it.

QUBAIN, Fahim I. **Education and science in the Arab world.** Baltimore, Maryland, Johns Hopkins Press, 1966. xxii+539 pp. Index, bibliography, tables. \$12.50.

This survey of educational and training systems covers Iraq, Jordan, the Lebanon, Libya, Syria and the United Arab

Republic. The first part describes briefly the national systems of elementary, secondary and vocational education, and the second deals, in considerably greater detail, with higher education, science training and scientific manpower. It assesses the facilities available in each country for training higher and middle-level manpower.

The author himself describes the limitations of his study and cautions against the incompleteness of available statistics, or even the total absence of data, but states that the figures "are accurate in the sense that they do provide general orders of magnitude and a true reflection of trends, rather than being completely exact".

STETS, Walter. *Les prévisions de l'emploi en Allemagne*. Collection "Etudes et rapports". Paris, Association internationale d'information scolaire, universitaire et professionnelle, 1966. 14 pp.

This study deals only with vocational training, recruitment problems and the demand for young workers. It is more particularly concerned with examining the criteria used in surveys carried out with a view to determining the demand for young workers in different occupations in the Federal Republic of Germany. In this connection the author discusses briefly such matters as job demarcation, the calculation of the numbers needed in each occupation, the compiling of statistics on new entrants, the assessment of replacement needs, the evaluation of the impact of development on manpower needs, and the organisation of surveys and the uses to which they are put. Reference is made to a number of basic works dealing with these subjects.

#### Conditions of work and life

BOLLACHE, P. *Les responsabilités de l'entreprise en matière d'accidents du travail*. Bibliothèque de droit du travail et de la sécurité sociale, tome 2, dirigée par A. BRUN. Paris, Sirey, 1967. 179 pp. 18 FF.

Throughout his book the author insists on the fact that it is no longer enough for the head of an undertaking in France simply to pay his contributions to the social security fund; he has additional obligations in regard to the prevention of accidents, which are in fact laid down in French legislation. Under this legislation he is, on the one hand, required to take the measures prescribed in the regulations and, on the other, encouraged to keep the accident rate as low as possible in order to be eligible to pay a lower insurance premium.

This work, which is divided into two major parts—compensation and prevention—reviews the various aspects of the employer's obligations: the formalities when an accident occurs, the contribution rate, inexcusable faults and their consequences, serious accidents, criminal liability, safety precautions, occupational safety legislation, the profitability of prevention within the undertaking, etc. It contains useful information intended for employers, engineers, managerial staff, personnel officers and members of safety committees.

KOTELKIN, V. I. *Sovershenstvovanie normirovaniya truda v promyshlennosti*. Leningrad, Izdatelstvo Leningradskogo Universiteta, 1966. 142 pp. 0.58 rouble.

A theoretical study on some problems of standard-setting in Soviet industry. Separate chapters deal with the role of standard-setting in the development of production (its influence on labour productivity, socialist competition and the planned development of the national economy); the development of standard-setting in industry, including such questions as the influence of the technical level of production and the role of specialisation and concentration of production; the main lines of improved standard-setting (the necessity to increase the number of technically approved standards; to improve their quality, and to apply the standards prepared by the Labour Research Institute of the State Committee on Labour and Wages of the U.S.S.R. to standard-setting within the

undertaking); the increasing role of standard-setting in the further development of grading systems; and questions of workers' participation in standard-setting.

**Povremenno-premiyalnaya sistema oplaty truda rabochikh s ustanovleniem normirovannykh zadany.** Po materialam vsesoyuznykh seminarov rabotnikov mashinostroitel'noy promyshlennosti, sostoyavshikhsya v Minske i Taganroge v 1966 g. Moscow, Gosudarstvenny komitet Soveta Ministrov S.S.S.R. po voprosam truda y zarabotnoy platy, 1967. 0.66 rouble.

This volume is a compilation of documents concerning the application in machinery-manufacturing undertakings of a bonus system designed to improve the quality of output. It has been prepared on the basis of documents submitted to national seminars organised in 1966 in Minsk and Taganrog by the State Committee on Labour and Wages of the Council of Ministers of the U.S.S.R. in collaboration with various ministries concerned and the trade unions.

The compilation describes different experiments in the award of bonuses in conjunction with other measures for achieving better organisation of production and work. It deals, *inter alia*, with the relationship between incentives for workers and the quality of output,

the role played by technical progress in this connection, problems and methods of fixing output norms, the influence of these norms on the award and efficacy of bonuses, and the role played by the trade unions in work organisation, the establishment of norms, and wage determination.

In the preparation of this volume account has been taken of the decisions of the 23rd Congress of the Party as well as the observations, proposals and recommendations made at the Minsk and Taganrog seminars.

### **Social security**

**Social security in Czechoslovakia.** Prague, Práce, 1966. 97 pp.

The authors, J. Kolousek, J. Mařík and O. Vogel, who hold senior posts in the social security administration in Czechoslovakia, endeavour first of all to set forth the guiding principles on which their country's social security scheme is based. They go on to give detailed information as to the scope of the scheme and the various benefits. Considerable space is given to its organisation and structure and to the part played by the trade unions in the administration and supervision of its various branches. The text is supplemented by diagrams and statistical data showing how the scheme has developed since 1950.



# VOLUME 96

## GENERAL INDEX

### Principal Articles

	Page <sup>1</sup>
Social participation in Mali, by Anisse SALAH-BEY . . . . .	1
The World Conference on Church and Society, by Archibald A. EVANS . . .	24
Statutory minimum wage fixing in Tanganyika, by D. CHESWORTH . . . . .	43
Economic development and employment in the Soviet Union, by M. SONIN and E. ZHILTSOV . . . . .	67
Local labour inspection in Norway, by Berger ULSAKER . . . . .	92
Minimum wages and the distribution of income with special reference to developing countries, by A. D. SMITH . . . . .	129
Participation by occupational organisations in economic and social planning in Chile, by Manuel BARRERA . . . . .	151
Reconciling stability and mobility in employment relationships in Rumanian law, by Leonid MILLER . . . . .	177
Labour-management co-operation at the level of the undertaking in Sweden, by K. O. FAXÉN and E. PETTERSSON . . . . .	194
Towards complete development, by Rev. Joseph JOBLIN, S.J. . . . .	239
Statutory minimum wage fixing in the sugar industry of Mauritius, by D. P. CHESWORTH . . . . .	252
Rural settlement and housing trends in a developing country: an example in Nigeria, by Patrick CROOKE . . . . .	280
Women's employment and conditions of work in Switzerland, by Marion JANJIC . . . . .	292
The Fifty-first Session of the International Labour Conference, June 1967 . . .	341
High-level manpower planning in Hungary and its relation to educational development, by János TIMÁR . . . . .	364
Minimum wages in the Congo (Kinshasa), by J. P. ARLÈS . . . . .	388
International labour standards and Yugoslav legislation, by Ratko PEŠIĆ . .	443
Manpower planning in the context of perspective economic planning in Pakistan, by A. S. BHALLA . . . . .	468
Wage determination: institutional aspects, by Jean MOULY . . . . .	497

<sup>1</sup> Pp. 1-127: No. 1, July.  
129-237: No. 2, Aug.  
239-340: No. 3, Sep.

Pp. 341-441: No. 4, Oct.  
443-555: No. 5, Nov.  
557-661: No. 6, Dec.

Participation by employers' and workers' organisations in planning, by Guy CAIRE . . . . .	557
Circular migration and the growth of towns in East Africa, by Walter ELKAN . . . . .	581
The social rights enshrined in the Mexican Constitution of 1917, by Fernando YLLANES RAMOS . . . . .	590
A workshop for married women in part-time employment: implications of an experiment in the Netherlands, by J. L. J. M. VAN DER DOES DE WILLEBOIS . . . . .	609
Obituary: Edward Joseph PHELAN, 1888-1967 . . . . .	417

## Current Information

### Social and economic policy

Submission of international labour Conventions to the competent authori- ties in Rumania . . . . .	418
Act respecting co-operation in Tunisia . . . . .	527
Incentives for state farms in the U.S.S.R. . . . .	528
New incentives in Hungary . . . . .	529
A survey of racial discrimination in employment and other fields in the United Kingdom . . . . .	529

### Labour law and labour relations

Labour-management relations in the public services and state undertakings in India . . . . .	104
Royal Commission on Trade Unions and Employers' Associations in the United Kingdom . . . . .	204
Study on the revision of industrial relations legislation in Ceylon . . . .	206
Canadian Government task force to investigate labour relations . . . .	207
Participation of workers in state organisations and undertakings in Venezuela . . . . .	318
Establishment of a National Labour Council in the Lebanon . . . . .	318
Organisation of rural workers in Chile . . . . .	420
Organisation of rural activities and granting to rural associations of the powers and prerogatives of trade unions in Brazil . . . . .	532
Formation of a tripartite committee for freedom of association and par- ticipation by workers' organisations in development programmes in Costa Rica . . . . .	534

<sup>1</sup> Pp. 1-127: No. 1, July.  
129-237: No. 2, Aug.  
239-340: No. 3, Sep.

Pp. 341-441: No. 4, Oct.  
443-555: No. 5, Nov.  
557-661: No. 6, Dec.

**Manpower and training**

Specialised education in the U.S.S.R. . . . .	208
Young workers in Japan . . . . .	534
Act on the training of seafarers in Denmark . . . . .	630

**Conditions of work and life**

General reduction in weekly hours of work in industry in Hungary . . .	107
Five-day week in the U.S.S.R. . . . .	209
New regulations concerning overtime in France . . . . .	319
Recent trends in the reduction of hours of work in Japan . . . . .	421
Incentives for state farms in the U.S.S.R. . . . .	528
New incentives in Hungary . . . . .	529
Act respecting prices and price control in Yugoslavia . . . . .	630

**Society security**

New social security legislation in Venezuela . . . . .	100
New pensions legislation in Rumania . . . . .	320
Compensation for occupational sickness and administrative reorganisa- tion of the Social Insurance Fund in Gabon . . . . .	537
Establishment of a pension insurance scheme in Niger . . . . .	538
Amendment of the Placement and Unemployment Insurance Act in the Federal Republic of Germany . . . . .	630
New social security scheme in Mauritania . . . . .	631
Changes in family allowances in Upper Volta . . . . .	637
Retirement pension scheme for certain doctors in Belgium . . . . .	637

**Employers' and workers' organisations**

Second Inter-American Economic and Social Conference of the Inter- American Regional Organisation of Workers (O.R.I.T.) . . . . .	108
Ninth National Congress of the Christian Workers' Confederation of Chile (A.S.I.CH.-C.C.T.) . . . . .	110
British Trades Union Congress (T.U.C.) conference on incomes policy .	209
Unification of trade unions in the Democratic Republic of the Congo . .	211
Irish Congress of Trade Unions . . . . .	211
Fifth World Conference of Trade Unions of Workers in Agriculture, Forestry and Plantations . . . . .	323

<sup>1</sup> Pp. 1-127: No. 1, July.  
129-237: No. 2, Aug.  
239-340: No. 3, Sep.

Pp. 341-441: No. 4, Oct.  
443-555: No. 5, Nov.  
557-661: No. 6, Dec.



	Page <sup>1</sup>
Second Congress of the Dahomean Confederation of Christian Workers (C.D.T.C.) . . . . .	324
Trade union meeting on problems of working and living conditions in the health services . . . . .	423
Congress of the Christian Confederation of Malagasy Trade Unions (C.C.S.M.) . . . . .	424
Fifth Congress of the Latin American Federation of Christian Trade Unionists (C.L.A.S.C.) . . . . .	540

Bibliography

I.L.O. Publications . . . . .	114, 213, 326, 638
Book Notes . . . . .	116, 214, 326, 425, 544, 639
Books Received . . . . .	124, 219, 337, 437, 554, 650
Automation Abstracts . . . . .	223

<sup>1</sup> Pp. 1-127: No. 1, July.  
129-237: No. 2, Aug.  
239-340: No. 3, Sep.

Pp. 341-441: No. 4, Oct.  
443-555: No. 5, Nov.  
557-661: No. 6, Dec.

# COUNTRY INDEX<sup>1</sup>

## International

The World Conference on Church and Society, by Archibald A. EVANS, 24-42. Second Inter-American Economic and Social Conference of the Inter-American Regional Organisation of Workers (O.R.I.T.), 108-110. Minimum wages and the distribution of income with special reference to developing countries, by A. D. SMITH, 129-150. Towards complete development, by Rev. Joseph JOBLIN, S.J., 239-251. Fifth World Conference of Trade Unions of Workers in Agriculture, Forestry and Plantations, 323-324. The Fifty-first Session of the International Labour Conference, June 1967, 341-363. Trade union meeting on problems of working and living conditions in the health services, Prague, 423-424. Wage determination: institutional aspects, by Jean MOULY, 497-526. Fifth Congress of the Latin American Federation of Christian Trade Unionists (C.L.A.S.C.), 540-543. Participation by employers' and workers' organisations in planning, by Guy CAIRE, 557-580. Circular migration and the growth of towns in East Africa, by Walter ELKAN, 581-589.

**Obituary:** Edward Joseph PHELAN, 1888-1967, 417.

## Belgium

Retirement pension scheme for certain doctors, 637.

## Brazil

Organisation of rural activities and granting to rural associations of the powers and prerogatives of trade unions, 532-534.

## Canada

Government task force to investigate labour relations, 207-208.

## Ceylon

Study on the revision of industrial relations legislation, 206-207.

## Chile

Ninth National Congress of the Christian Workers' Confederation (A.S.I.CH.-C.C.T.), 110-113. Participation by occupational organisations in economic and social planning, by Manuel BARRERA, 151-176. Organisation of rural workers, 420-421.

## Congo (Kinshasa)

Unification of trade unions, 211. Minimum wages, by J. P. ARLÈS, 388-416.

## Costa Rica

Formation of a tripartite committee for freedom of association and participation by workers' organisations in development programmes, 534.

## Dahomey

Second Congress of the Dahomean Confederation of Christian Workers (C.D.T.C.), 324-325.

## Denmark

Act on the training of seafarers, 630.

## France

New regulations concerning overtime, 319-320.

<sup>1</sup> Pp. 1-127: No. 1, July.  
129-237: No. 2, Aug.  
239-340: No. 3, Sep.

Pp. 341-441: No. 4, Oct.  
443-555: No. 5, Nov.  
557-661: No. 6, Dec.

**Gabon**

Compensation for occupational sickness and administrative reorganisation of the Social Insurance Fund, 537-538.

**Germany (F.R.)**

Amendment of the Placement and Unemployment Insurance Act, 630-631.

**Hungary**

General reduction in weekly hours of work in industry, 107-108. High-level manpower planning and its relation to educational development, by János TIMÁR, 364-387. New incentives, 529.

**India**

Labour-management relations in the public services and state undertakings, 104-107.

**Ireland**

Congress of Trade Unions, 211-212.

**Japan**

Recent trends in the reduction of hours of work, 421-423. Young workers, 534-537.

**Lebanon**

Establishment of a National Labour Council, 318-319.

**Malagasy Republic**

Congress of the Christian Confederation of Malagasy Trade Unions (C.C.S.M.), 424.

**Mali**

Social participation, by Anisse SALAH-BEY, 1-23.

**Mauritania**

New social security scheme, 631-637.

**Mauritius**

Statutory minimum wage fixing in the sugar industry, by D. P. CHESWORTH, 252-279.

**Mexico**

The social rights enshrined in the Constitution of 1917, by Fernando YLLANES RAMOS, 590-608.

**Netherlands**

A workshop for married women in part-time employment; implications of an experiment, by J. L. J. M. VAN DER DOES DE WILLEBOIS, 609-629.

**Niger**

Establishment of a pension insurance scheme, 538-540.

**Nigeria**

Rural settlement and housing trends in a developing country: an example in Nigeria, by Patrick CROOKE, 280-291.

**Norway**

Local labour inspection, by Berger ULSAKER, 92-99.

**Pakistan**

Manpower planning in the context of perspective economic planning, by A. S. BHALLA, 468-496.

**Rumania**

Reconciling stability and mobility in employment relationships in Rumanian law, by Leonid MILLER, 177-193. New pensions legislation, 320-323. Submission of international labour Conventions to the competent authorities, 418-420.

**Sweden**

Labour-management co-operation at the level of the undertaking, by K. O. FAXÉN and E. PETTERSSON, 194-203.

**Switzerland**

Women's employment and conditions of work, by Marion JANJIC, 292-317.

<sup>1</sup> Pp. 1-127: No. 1, July.  
129-237: No. 2, Aug.  
239-340: No. 3, Sep.

Pp. 341-441: No. 4, Oct.  
443-555: No. 5, Nov.  
557-661: No. 6, Dec.



**Tanganyika**

Statutory minimum wage fixing, by D. CHESWORTH, 43-66.

**Tunisia**

Act respecting co-operation, 527-528.

**Union of Soviet Socialist Republics**

Economic development and employment, by M. SONIN and E. ZHILTSOV, 67-91. Specialised education, 208-209. Five-day week, 209. Incentives for state farms, 528-529.

**United Kingdom**

Royal Commission on Trade Unions and Employers' Associations, 204-206.

Trades Union Congress (T.U.C.) conference on incomes policy, 209-211. A survey of racial discrimination in employment and other fields, 529-532.

**Upper Volta**

Changes in family allowances, 637.

**Venezuela**

New social security legislation, 100-104. Participation of workers in state organisations and undertakings, 318.

**Yugoslavia**

International labour standards and Yugoslav legislation, by Ratko PEŠIĆ, 443-467. Act respecting prices and price control, 630.

---

<sup>1</sup> Pp. 1-127: No. 1, July.  
129-237: No. 2, Aug.  
239-340: No. 3, Sep.

Pp. 341-441: No. 4, Oct.  
443-555: No. 5, Nov.  
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